Distr.
GENERAL

GC.9/4
9 July 2001

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

GENERAL CONFERENCE

Ninth session
Vienna, 3-7 December 2001
Item 8 of the provisional agenda

REPORT OF THE INDUSTRIAL DEVELOPMENT BOARD ON THE WORK OF ITS TWENTY-FOURTH SESSION

(19-22 June 2001)

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V.01-85696 (E)

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Introduction

1. The report of the Industrial Development Board on the work of its twenty-fourth session is presented to the General Conference in accordance with Article 9.4 (c) of the Constitution. The summary records of the Board (IDB.24/SR.1-7), where the details of the proceedings are contained, form an integral part of the present report.

2. The following decisions of the Board, reproduced in annex I, are related to the work of the General Conference at its ninth session:

IDB.24/Dec.3	Financial situation of UNIDO—terms of payment for Ukraine
IDB.24/Dec.4	Programme and budgets, 2002-2003
IDB.24/Dec.5	Scale of assessments
IDB.24/Dec.6	Working Capital Fund
IDB.24/Dec.7	Financial regulations
IDB.24/Dec.8	Introduction of the euro
IDB.24/Dec.9	Appointment of external auditor
IDB.24/Dec.10	Personnel matters
IDB.24/Dec.13	Recommendation of a candidate for the post of Director-General
IDB.24/Dec.14	Terms and conditions of appointment of the Director-General
IDB.24/Dec.15	Preparations for the ninth session of the General Conference

I. ORGANIZATIONAL AND PROCEDURAL MATTERS

3. The twenty-fourth session of the Board was held at UNIDO Headquarters, Vienna International Centre, from 19 to 22 June 2001 (7 plenary meetings—see IDB.24/SR.1-7).

Participation

4. All 53 members of the Board were represented at the session: Algeria, Argentina, Austria, Belarus, Belgium, Bulgaria, Burkina Faso, Chile, China, Colombia, Côte d'Ivoire, Croatia, Cuba, Ecuador, Egypt, Ethiopia, France, Germany, Ghana, Guatemala, India, Indonesia, Iran (Islamic Republic of), Ireland, Italy, Japan, Kuwait, Lesotho, Libyan Arab Jamahiriya, Luxembourg, Madagascar, Mexico, Morocco, Nigeria, Norway, Pakistan, Peru, Poland, Portugal, Republic of Korea, Russian Federation, Saudi Arabia, Spain, Sri Lanka, Sudan, Sweden, Switzerland, Syrian Arab Republic, Thailand, Tunisia, Turkey, United Kingdom of Great Britain and Northern Ireland, Uruguay.

5. The following 37 Member States of UNIDO also participated in the session: Angola, Azerbaijan, Belize, Bolivia, Brazil, Burundi, Cameroon, Czech Republic, Democratic People's Republic of Korea, Denmark, Eritrea, Finland, Greece, Hungary, Iraq, Israel, Jordan, Kenya, Lebanon, Lithuania, Malaysia, Malta, Namibia, Netherlands, Nicaragua, Panama, Philippines, Romania, Senegal, Slovakia, South Africa, Ukraine, Venezuela, Viet Nam, Yemen, Yugoslavia, Zimbabwe.

6. The Holy See participated as observer.

7. The following United Nations bodies were represented: Economic Commission for Europe, United Nations—Joint Inspection Unit, United Nations Development Programme, United Nations Office at Vienna.

8. The International Atomic Energy Agency was represented.

9. The following other intergovernmental organizations were represented: Arab Industrial Development and Mining Organization, European Commission, International Centre for Genetic Engineering and Biotechnology, International Institute of Refrigeration, International Organization for Migration, League of Arab States, Organization of African Unity, Organization of the Islamic Conference.

10. The following non-governmental organizations were represented: Association of Former United Nations Industrial Development Experts, Austro-Egyptian Chamber of Commerce, DEULA—Nienburg, Institut supérieur de gestion, International Academy of Technology Sciences, International Confederation of Free Trade Unions, International Council of Women, International Technology Information Centre, Mountain Unlimited, Soroptimist International, TECHLINK, World Association for Small and Medium Enterprises.

Opening of the session

11. The twenty-fourth session of the Industrial Development Board was declared open by the President of the twenty-second and twenty-third sessions, Mr. A. Ortiz (Spain).

Officers of the session

12. In accordance with rule 23 of its rules of procedure, the Board elected by acclamation Mr. P. Hosseini (Islamic Republic of Iran) as President; Mr. A. Fabijanski (Poland), Mr. A. G. Abdel Rahman Hasan (Sudan) and Mr. F. Pittaluga Fonseca (Uruguay) as Vice-Presidents; and Mr. C. Janssens de Bisthoven (Belgium) as Rapporteur.

Agenda for the session

13. The Board adopted the following agenda:

1. Opening of the session.
2. Election of officers.
3. Adoption of the agenda.
4. Annual report of the Director-General for 2000 on the activities of the Organization.
5. Report of the Programme and Budget Committee.
6. Financing UNIDO programmes, including new initiatives for funds mobilization.
7. Environment-related activities.
8. Field representation.
9. Industrialization of the least developed countries.
10. Administrative matters.
11. Activities of the Joint Inspection Unit.
12. Matters related to intergovernmental, governmental, non-governmental and other organizations.
13. Recommendation of a candidate for the post of Director-General.
14. Preparations for the ninth session of the General Conference.
15. Provisional agenda and date of the twenty-fifth session.
16. Adoption of the report.
17. Closure of the session.

14. The Board adopted a proposal by the President to ensure the maximum utilization of available conference-servicing resources (see annex I, decision IDB.24/Dec.1; IDB.24/SR.1, paras. 9-10).

15. The Board decided to set up informal, in-session consultations with the aim of facilitating the drafting of decisions and entrusted Mr. F. Pittaluga Fonseca (Uruguay), Vice-President, to chair those consultations (see IDB.24/SR.2, paras. 1-2).

16. In accordance with appendix B of the rules of procedure, the following were appointed as tellers: Ms. M. Kunjundzic (Croatia), Mr. J. Kinnen (Germany) and Mr. B. Amin (Pakistan).

II. ANNUAL REPORT OF THE DIRECTOR-GENERAL FOR 2000 ON THE ACTIVITIES OF THE ORGANIZATION

17. The Board had before it the *Annual Report 2000*, including the programme performance report (IDB.24/2 and Corr.1 and IDB.24/2/Add.1) and a note by the Secretariat on Investment and Technology Promotion Offices (IDB.24/CRP.7). The debate on item 4 is reflected in summary record IDB.24/SR.2, paragraphs 4 to 55. At the suggestion of the President, the Board took note of the documentation provided by the Secretariat (see IDB.24/SR.7, paras. 4-5).

III. REPORT OF THE PROGRAMME AND BUDGET COMMITTEE

18. The Board had before it the report of the Programme and Budget Committee on the work of its seventeenth session (IDB.24/22). The debate on item 5 is reflected in summary records IDB.24/SR.2, paragraphs 56 to 76, and IDB.24/SR.3, paragraphs 1 to 2.

A. Interim financial performance report and programme performance report for the biennium 2000-2001

19. The Board had before it the interim financial performance report for the biennium 2000-2001 submitted by the Director-General (IDB.24/6), the *Annual Report 2000* (IDB.24/2 and Corr.1) and a list of technical cooperation activities (IDB.24/2/Add.1). At the proposal of the President, the Board took note of the documentation provided by the Secretariat (IDB.24/SR.7, paras. 7-8).

B. Financial situation of UNIDO, including arrears

20. The Board had before it a report by the Director-General on the financial situation of UNIDO, including arrears (IDB.24/8), a note by the Director-General on the terms of payment plan (IDB.24/25) and updated information on the financial situation (IDB.24/CRP.2). The Board considered two draft decisions submitted by the President (IDB.24/L.6, IDB.24/L.13) and adopted decision IDB.24/Dec.2 and, with an amendment (IDB.24/SR.7, paras. 11-21), adopted decision IDB.24/Dec.3 (see annex I).

C. Programme and budgets, 2002-2003

21. The Board had before it the proposals of the Director-General for the programme and budgets, 2002-2003 (IDB.24/3) and a note by the Director-General containing proposed changes to the programme framework (IDB.24/20). The Board considered a draft decision submitted by the President (IDB.24/L.2) and adopted decision IDB.24/Dec.4 (see annex I).

D. Scale of assessments for apportionment of the regular budget expenses

22. The Board had before it a note by the Secretariat on the scale of assessments for the fiscal period 2002-2003 (IDB.24/5). The Board considered a draft decision submitted by the President (IDB.24/L.12) and adopted decision IDB.24/Dec.5 (see annex I).

23. Mr. Pittaluga Fonseca, chairman of the informal consultations for draft decisions, reported that three main opinions had emerged for the scale of assessments that should be recommended to the General Conference:

(a) The European Union proposed a scale of assessments based on columns 3 and 4 in the annex to document IDB.24/5;

(b) The Group of 77 and China, with the support of the Republic of Korea, proposed a scale based on column 7 in the annex to document IDB.24/5;

(c) Japan proposed a scale based on columns 5 and 6 in the annex to document IDB.24/5.

E. Working Capital Fund for the biennium 2002-2003

24. The Board had before it the proposals by the Director-General on the Working Capital Fund for the biennium 2002-2003 (IDB.24/4). The Board considered a draft decision submitted by the President (IDB.24/L.3) and adopted decision IDB.24/Dec.6 (see annex I).

F. Financial regulations

25. The Board had before it the report of the Chairperson, H.E. Mrs. I. Freudenschuss-Reichl (Austria) of the Intersessional working group on proposed amendments to the financial regulations (IDB.24/11). The Board considered a draft decision submitted by the President (IDB.24/L.4) and, with an amendment (IDB.24/SR.7, paras. 28-30), adopted decision IDB.24/Dec.7 (see annex I).

G. Introduction of the euro

26. The Board had before it a note by the Secretariat on the introduction of the euro (IDB.24/10). The Board considered a draft decision submitted by the President (IDB.24/L.5) and adopted decision IDB.24/Dec.8 (see annex I).

H. Follow-up to the report of the External Auditor for the biennium 1998-1999

27. The Board had before it a report by the Director-General on implementation of measures recommended by the External Auditor (IDB.24/9). At the proposal of the President, the Board took note of the documentation provided by the Secretariat (IDB.24/SR.7, paras. 33-34).

I. Appointment of external auditor

28. The Board had before it a report by the Director-General on candidatures for the appointment of an external auditor (IDB.24/7 and Add.1). The Board considered a draft decision submitted by the President (IDB.24/L.11) and, with an amendment (IDB.24/SR.7, paras. 35-38), adopted decision IDB.24/Dec.9 (see annex I).

IV. FINANCING UNIDO PROGRAMMES, INCLUDING NEW INITIATIVES FOR FUNDS MOBILIZATION

29. The Board had before it a report by the Director-General on financing UNIDO programmes, including new initiatives for funds mobilization (IDB.24/19) and the *Annual Report 2000* (IDB.24/2, chap. V.E and appendix B) and a note by the Secretariat on the status of integrated programmes (IDB.24/CRP.6). The debate on item 6 is reflected in summary record IDB.24/SR.3, paragraphs 3 to 49. At the proposal of the President, the Board took note of the documentation provided by the Secretariat (IDB.24/SR.7, paras. 39-40).

V. ENVIRONMENT-RELATED ACTIVITIES

30. The Board had before it a report by the Director-General on environment-related activities (IDB.24/12). The debate on item 7 is reflected in summary record IDB.24/SR.3, paragraphs 50 to 76. At the proposal of the President, the Board took note of the documentation provided by the Secretariat (IDB.24/SR.7, paras. 39-40).

VI. FIELD REPRESENTATION

31. The Board had before it a progress report by the Director-General on field representation (IDB.24/15)

and a conference room paper on the current situation and future plans submitted in a note by the Director-General (IDB.24/CRP.5). The debate on item 8 is reflected in summary record IDB.24/SR.3, paragraphs 77 to 94. At the proposal of the President, the Board took note of the documentation provided by the Secretariat (IDB.24/SR.7, paras. 39-40).

VII. INDUSTRIALIZATION OF THE LEAST DEVELOPED COUNTRIES

32. The Board had before it a report by the Director-General on the industrialization of the least developed countries (IDB.24/16 and Add.1). The debate on item 9 is reflected in summary record IDB.24/SR.4, paragraphs 1 to 16. At the proposal of the President, the Board took note of the documentation provided by the Secretariat (IDB.24/SR.7, paras. 39-40).

VIII. ADMINISTRATIVE MATTERS

33. The Board had before it a report by the Director-General on personnel matters (IDB.24/13) and a list of staff submitted by the UNIDO Secretariat (IDB.24/CRP.4). The debate on item 10 is reflected in summary record IDB.24/SR.4, paragraphs 17 to 25. The Board considered a draft decision submitted by the President (IDB.24/L.7) and adopted decision IDB.24/Dec.10 (see annex I).

IX. ACTIVITIES OF THE JOINT INSPECTION UNIT

34. The Board had before it a report by the Secretariat on follow-up to Joint Inspection Unit recommendations (IDB.24/18). The debate on item 11 is reflected in summary record IDB.24/SR.4, paragraphs 26 to 30. The Board considered a draft decision submitted by the President (IDB.24/L.14) and adopted decision IDB.24/Dec.11 (see annex I).

X. MATTERS RELATED TO INTERGOVERNMENTAL, NON-GOVERNMENTAL, GOVERNMENTAL AND OTHER ORGANIZATIONS

35. The Board had before it a note by the Director-General containing applications from non-governmental organizations for consultative status (IDB.24/24 and Add.1). The debate on item 12 is reflected in summary record IDB.24/SR.6, paragraphs 31 to 32. The Board considered a draft decision submitted by the President (IDB.24/L.8) and adopted decision IDB.24/Dec.12 (see annex I).

XI. RECOMMENDATION OF A CANDIDATE FOR THE POST OF DIRECTOR-GENERAL

36. The Board had before it a note by the Secretariat containing a draft contract for appointment of the Director-General (IDB.24/14) and a note by the Secretariat containing candidates for the post of Director-General (IDB.24/17). The public debate on item 13 is reflected in summary record IDB.24/SR.5, paragraphs 1 to 12. The Board considered two draft decisions submitted by the President and adopted decisions IDB.24/Dec.13 and IDB.24/Dec.14 (see annex I).

XII. PREPARATIONS FOR THE NINTH SESSION OF THE GENERAL CONFERENCE

37. The Board had before it a report by the Director-General on preparations for the ninth session of the General Conference (IDB.24/21) and a note by the Director-General on the subject (IDB.24/CRP.8). The debate on item 14 is reflected in summary record IDB.24/SR.6, paragraphs 1 to 5. The Board considered a draft decision submitted by the President (IDB.24/L.9) and adopted decision IDB.24/Dec.15 (see annex I).

XIII. PROVISIONAL AGENDA AND DATE OF THE TWENTY-FIFTH SESSION

38. The Board had before it a conference room paper containing a note by the Director-General on the provisional agenda and date of the twenty-fifth session (IDB.24/CRP.3). The debate on item 15 is reflected in summary record IDB.24/SR.6, paragraphs 6 to 7. The Board considered a draft decision submitted by the President (IDB.24/L.10) and adopted decision IDB.24/Dec.16 (see annex I).

XIV. ADOPTION OF THE REPORT

39. The Board considered the draft report (IDB.24/L.1) and adopted it as a whole with the understanding that the Rapporteur would be entrusted with the task of finalizing the report (see summary record IDB.24/SR.7, paras. 51-53).

XV. CLOSURE OF THE TWENTY-FOURTH SESSION

40. On 22 June 2001, at 5.35 p.m., the Board closed its twenty-fourth session (see IDB.24/SR.7, paras. 54-67).

Annex I

DECISIONS ADOPTED BY THE BOARD AT ITS TWENTY-FOURTH SESSION

Decision No.	Title	Page
IDB.24/Dec.1	Utilization of available conference-servicing resources (IDB.24/SR.1, paras. 9-10)	8
IDB.24/Dec.2	Financial situation of UNIDO (IDB.24/SR.7, paras. 9-10)	8
IDB.24/Dec.3	Financial situation of UNIDO—terms of payment plan for Ukraine (IDB.24/SR.7, paras. 11-21)	8
IDB.24/Dec.4	Programme and budgets, 2002-2003 (IDB.24/SR.7, paras. 22-23)	8
IDB.24/Dec.5	Scale of assessments for Member States (IDB.24/SR.7, paras. 24-25)	8
IDB.24/Dec.6	Working Capital Fund (IDB.24/SR.7, paras. 26-27)	9
IDB.24/Dec.7	Financial regulations (IDB.24/SR.7, paras. 28-30)	9
IDB.24/Dec.8	Introduction of the euro (IDB.24/SR.7, paras. 31-32)	9
IDB.24/Dec.9	Appointment of external auditor (IDB.24/SR.7, paras. 35-38)	9
IDB.24/Dec.10	Personnel matters (IDB.24/SR.7, paras. 41-42)	9
IDB.24/Dec.11	Activities of the Joint Inspection Unit (IDB.24/SR.7, paras. 43-44)	10
IDB.24/Dec.12	Applications from non-governmental organizations for consultative status (IDB.24/SR.7, paras. 45-46)	10
IDB.24/Dec.13	Recommendation of a candidate for the post of Director-General (IDB.24/SR.5, paras. 3-4)	10
IDB.24/Dec.14	Terms and conditions of appointment of the Director-General (IDB.24/SR.5, paras. 5-6)	10
IDB.24/Dec.15	Preparations for the ninth session of the General Conference (IDB.24/SR.7, paras. 47-48)	12
IDB.24/Dec.16	Provisional agenda and date of the twenty-fifth session (IDB.24/SR.7, paras. 49-50)	13

IDB.24/Dec.1 UTILIZATION OF AVAILABLE CONFERENCE-SERVICING RESOURCES

The Industrial Development Board, with the aim of utilizing the available conference-servicing resources to the maximum possible effect, decided to suspend with immediate effect rule 32 of its rules of procedure relating to the quorum, for the meetings of its twenty-fourth session only and provided no substantive decisions were taken at those meetings.

1st plenary meeting
19 June 2001

IDB.24/Dec.2 FINANCIAL SITUATION OF UNIDO

The Industrial Development Board:

(a) Took note of the information provided in document IDB.24/8;

(b) Given the worrying level of arrears of assessed contributions to UNIDO, urged those Member States and former Member States that had not yet paid their assessed contributions, including advances to the Working Capital Fund and prior years' arrears, to do so without delay.

7th plenary meeting
22 June 2001

IDB.24/Dec.3 FINANCIAL SITUATION OF UNIDO—TERMS OF PAYMENT PLAN FOR UKRAINE

The Industrial Development Board:

(a) Recalled its decision IDB.19/Dec.5;

(b) Also recalled the report of the open-ended discussion group on timely payment of assessed contributions (IDB.19/12 and Corr.1), in particular paragraphs 13 and 14;

(c) Welcomed the interest of Ukraine to settle its arrears (IDB.24/25, annex);

(d) Noted the special circumstances faced by Ukraine and the large amount owed for the period 1994 to 2001;

(e) Requested the Director-General to negotiate an agreement with Ukraine for a payment plan, bearing in mind the capacity of Ukraine to settle its arrears, as contained in document IDB.24/25, and to submit the plan for decision to the ninth session of the General Conference;

(f) Noted that the payment plan, which was subject to the timely payment of arrears, should be as close as possible to a five-year period but not exceed a term of 15 years.

7th plenary meeting
22 June 2001

IDB.24/Dec.4 PROGRAMME AND BUDGETS, 2002-2003

The Industrial Development Board:

(a) Adopted for submission to the General Conference for consideration and approval the programme and budgets for the biennium 2002-2003 as contained in document IDB.24/3;

(b) Recommended to the General Conference the approval of estimates of gross expenditures of €137,922,300 to be financed from assessed contributions in the amount of €133,689,800* and other income of €4,232,500;

(c) Also recommended to the General Conference the approval of estimates of gross expenditures totalling €22,372,600 for the purpose of the operational budget for the biennium 2002-2003 to be financed from voluntary contributions in the amount of €21,998,000 and other income amounting to €374,600 as may be provided for in the financial regulations.

7th plenary meeting
22 June 2001

IDB.24/Dec.5 SCALE OF ASSESSMENTS FOR MEMBER STATES

The Industrial Development Board:

(a) Considered document IDB.24/5 on the scale of assessments for apportionment of the regular budget expenses;

(b) Was not able to achieve consensus, three different opinions having emerged on the issue, as reflected in paragraph 23 of the report of the session;

(c) Recommended that the General Conference establish a scale of assessments for fiscal

* One member reserved its position on this figure.

period 2002-2003, taking into account the aforementioned opinions.

7th plenary meeting
22 June 2001

IDB.24/Dec.6 WORKING CAPITAL FUND

The Industrial Development Board:

(a) Took note of document IDB.24/4;

(b) Recommended to the General Conference that the level of the Working Capital Fund and the authorized purposes of the Fund for the 2002-2003 biennium remain the same as for the 2000-2001 biennium;

(c) Urged Member States to pay their outstanding assessed contributions as soon as possible to minimize the need to withdraw sums to meet shortfalls in the payment of assessed contributions.

7th plenary meeting
22 June 2001

IDB.24/Dec.7 FINANCIAL REGULATIONS

The Industrial Development Board:

(a) Took note of the report of the Intersessional working group on proposed amendments to the financial regulations, as contained in document IDB.24/11;

(b) Recommended to the General Conference the simultaneous creation of a special account for certain activities under Buildings Management Services and a special account for the Regular Programme of Technical Cooperation that would not be subject to financial regulations 4.2(b) and 4.2(c), it being understood that the Secretariat would strive to utilize to the fullest extent possible the funds budgeted for each biennium;

(c) Requested the Director-General, at the end of each biennium, to submit to the General Conference, through the Industrial Development Board, a report on the status and balance of the accounts as well as the External Auditor's reports on those accounts, and the planned allocation of the unexpended resources in those special accounts;

(d) Decided to extend the mandate of the Intersessional working group, under the chairmanship of Austria, to submit proposed amendments to the financial regulations to the Programme and Budget Committee.

7th plenary meeting
22 June 2001

IDB.24/Dec.8 INTRODUCTION OF THE EURO

The Industrial Development Board:

(a) Took note of the information provided by the Secretariat in document IDB.24/10 on the introduction of the euro;

(b) Recommended that the General Conference take note that all assets, liabilities, reserves and fund balances that are in Austrian schillings will be converted into euros by applying the fixed rate of ATS 13.7603 = €1;

(c) Also recommended that the Conference note that the Director-General will continue to keep extrabudgetary accounts in United States dollars, if required, but will convert all such assets, liabilities, reserves and fund balances for the purposes of the financial statements at the United Nations euro/dollar exchange rate in effect on the date of the statement;

(d) Recommended that the General Conference decide to convert all dollar-based amounts of the assets, liabilities, reserves and fund balances of the General Fund, Working Capital Fund and other headquarters funds as at 31 December 2001, using the December 2001 United Nations euro/dollar exchange rate.

7th plenary meeting
22 June 2001

IDB.24/Dec.9 APPOINTMENT OF EXTERNAL AUDITOR

The Industrial Development Board:

(a) Took note of the information provided in documents IDB.24/7 and Add.1;

(b) Also took note of Programme and Budget Committee conclusion 2001/8;

(c) Acknowledged that consultations were continuing with a view to the General Conference being in a position to appoint an external auditor for UNIDO for a period of two years beginning on 1 July 2002, under the terms of reference specified in the Financial Regulations of UNIDO.

7th plenary meeting
22 June 2001

IDB.24/Dec.10 PERSONNEL MATTERS

The Industrial Development Board:

(a) Took note of the information contained in document IDB.24/13;

(b) Noted the amendments made in pursuance of staff regulation 13.3 to schedule I and annexes I and II to the staff regulations in order to bring them into conformity with the decisions of the General Assembly set out in resolution 55/223;

(c) Also noted the amendments to staff rule 103.12, appendices A, C, E and G to the staff rules;

(d) Recommended to the General Conference the following candidates for the election of two members and two alternate members of the UNIDO Staff Pension Committee for the biennium 2002-2003:

Members: Mr. Yuji Amamiya (Japan)
Mr. Constancio R. Vingno, Jr. (Philippines)

Alternate Members: Mr. Mlulani M. L. Singaphi (South Africa)
..... (country)

7th plenary meeting
22 June 2001

IDB.24/Dec.11 ACTIVITIES OF THE JOINT INSPECTION UNIT

The Industrial Development Board:

(a) Recalled decision IDB.22/Dec.7;

(b) Took note of the information provided by the Secretariat in document IDB.24/18;

(c) Endorsed the establishment of the pilot scheme of follow-up to the approved recommendations of the Joint Inspection Unit through policy-making organs, as outlined in document IDB.24/18.

7th plenary meeting
22 June 2001

IDB.24/Dec.12 APPLICATIONS FROM NON-GOVERNMENTAL ORGANIZATIONS FOR CONSULTATIVE STATUS

The Industrial Development Board:

(a) Took note of the information provided in documents IDB.24/24 and Add.1;

(b) Decided, in accordance with Article 19.1 (b) of the Constitution and the guidelines for the relationship of UNIDO with intergovernmental, governmental, non-governmental and other organizations (General Conference decision GC.1/Dec.41, annex, para. 17) to grant consultative status with UNIDO to the following four non-governmental organizations:

- AIESEC International
- Austro-Arab Chamber of Commerce
- International Association ZNANIE
- International Energy Foundation (IEF).

7th plenary meeting
22 June 2001

IDB.24/Dec.13 RECOMMENDATION OF A CANDIDATE FOR THE POST OF DIRECTOR-GENERAL

The Industrial Development Board, acting in accordance with Article 11.2 of the Constitution, decided to recommend to the General Conference the appointment of Mr. Carlos Magariños as Director-General of UNIDO for a period of four years from 8 December 2001 or until the Director-General appointed at the eleventh regular session of the General Conference assumes office, whichever is later.

6th plenary meeting
21 June 2001

IDB.24/Dec.14 TERMS AND CONDITIONS OF APPOINTMENT OF THE DIRECTOR-GENERAL

The Industrial Development Board, further to its decision IDB.24/Dec.13, and acting in accordance with rule 103 of the rules of procedure of the General Conference, decided to recommend to the Conference for approval the draft contract annexed to the present draft decision, which establishes the terms and conditions of appointment of the Director-General, including the salary and emoluments attached to the office.

6th plenary meeting
21 June 2001

Annex

DRAFT CONTRACT FOR APPOINTMENT OF THE DIRECTOR-GENERAL

THIS CONTRACT is made

between the United Nations Industrial Development Organization (hereinafter called the Organization) for the one part

and Carlos Magariños (hereinafter called the Director-General) for the other part.

WHEREAS

The Director-General, upon recommendation of the Board, has been duly appointed by the Conference at its ninth session held in December 2001.

IT IS HEREBY AGREED AS FOLLOWS:

1. Term of Office

The Director-General shall be appointed for a period of four years from the eighth day of December two thousand one (2001), or until the Director-General to be appointed at the eleventh regular session of the General Conference assumes office, whichever is later.

2. Official Duty Station

The official duty station for the Director-General shall be Vienna, Austria.

3. Official Duties

In accordance with Article 11 of the Constitution of the Organization, the Director-General shall be the chief administrative officer of the Organization.

4. Privileges and Immunities

The Director-General shall enjoy all the privileges and immunities in keeping with his/her office as determined by the Constitution of the Organization, Article 21, and any relevant legal instruments already in force or to be concluded in the future.

5. Staff Regulations

The Director-General shall be subject to the Staff Regulations of the Organization, together with such amendments as may be made thereto, in so far as they are applicable to him/her.

6. Assessable Salary and Allowances

(a) The annual gross salary of the Director-General shall be US dollars two hundred and five thousand three hundred and nine (205,309), corresponding to an annual net base salary equivalent to US dollars one hundred and thirty-seven thousand four hundred and ninety-two (137,492) (dependency rate) or US dollars one hundred and twenty-two thousand two hundred and sixty-eight (122,268) (single rate) respectively. The gross and net base salary shall be adjusted whenever the General Assembly decides to adjust the gross and net base salary levels of staff in the Professional and higher categories;

(b) He/She shall receive post adjustment, allowances and benefits, including social security benefits, for which a staff member in the Professional category of the UNIDO Secretariat would be eligible under the Staff Regulations and Staff Rules of the Organization, provided the purpose of such emolument, allowance or benefit has not already been met by other provisions of the present contract;

(c) The Director-General shall receive a representation allowance of Austrian schillings three hundred and sixty-one thousand two hundred (361,200) per annum; as of 1 January 2002, euros twenty-six thousand two hundred and forty-nine (26,249) per annum, adjusted for the budgeted annual inflation rate, to meet his/her share of the obligations which the Organization incurs in the form of representation and hospitality expenditure;

(d) He/She shall receive a housing allowance amounting to Austrian schillings six hundred and eleven thousand four hundred and sixty (611,460) per annum; as of 1 January 2002, euros forty-four thousand four hundred and thirty-seven (44,437) per annum adjusted for the budgeted annual inflation rate;

(e) The above salary, allowances and benefits to which the Director-General is entitled under this agreement shall be subject to adjustment by the Board, after consultations with the Director-General, to keep them in line with those of the executive heads of other specialized agencies within the common system of the United Nations.

7. Pension Arrangements[1]

Alternative A

The Director-General shall participate in the United Nations Joint Staff Pension Fund in accordance with the provisions of decision IDB.10/Dec.17 (d) of the Industrial Development Board. His/Her pensionable remuneration shall be determined and adjusted in accordance with the provisions of articles 54 (c) and (b) of the regulations and rules of the United Nations Joint Staff Pension Fund.

Alternative B

The Director-General shall not participate in the United Nations Joint Staff Pension Fund. Instead, he/she shall have an amount equal to 15.8 per cent of pensionable remuneration, corresponding to the Organization's contribution to the Pension Fund, paid as a supplement

[1] Alternative A will be included in the contract if the elected Director-General becomes a participant in the United Nations Joint Staff Pension Fund. Alternative B will be applicable if he/she does not become a participant.

to his/her remuneration, in lieu of participation in the Pension Fund, in accordance with General Assembly resolution 47/203.

8. Currency of Payments

Payments will be effected in the currency applicable to staff in the Professional and higher categories serving at the official duty station Vienna, Austria.

9. Notice of Resignation

The Director-General may at any time give three months' notice of resignation in writing to the Board, which is authorized to accept his/her resignation on behalf of the General Conference, in which case, upon expiration of such period of notice, he/she shall cease to be Director-General of the Organization and this contract shall terminate.

10. Entry into Force

This contract shall enter into force as of the eighth day of December 2001.

SIGNED this ..... day of ..... 2001 at Vienna.

(.....) (.....)

President of the Conference acting on behalf of the Organization — Director-General

IDB.24/Dec.15 PREPARATIONS FOR THE NINTH SESSION OF THE GENERAL CONFERENCE

The Industrial Development Board:

(a) Took note of the information provided in document IDB.24/21;

(b) Adopted the following provisional agenda for the ninth session of the General Conference:

1. Opening of the session.
2. Election of officers.
3. Adoption of the agenda.
4. Organization of work.
5. Credentials of representatives to the Conference.
6. Elections to organs:
   (a) Industrial Development Board;
   (b) Programme and Budget Committee.
7. Annual reports of the Director-General on the activities of the Organization for 1999 and 2000.
8. Reports of the Industrial Development Board on the work of its twenty-second, twenty-third and twenty-fourth regular sessions.
9. Industrial development forum.
10. Financial matters:
    (a) Scale of assessments of Member States;
    (b) Financial situation of UNIDO;
    (c) Working Capital Fund;
    (d) Financial regulations;
    (e) Introduction of the euro;
    (f) Appointment of an external auditor.
11. Medium-term programme framework, 2002-2005.
12. Programme and budgets, 2002-2003.
13. The regional dimension.
14. International Centre for Science and High Technology.
15. Participation by UNIDO in the Vienna Convention on the Law of Treaties between States and International Organizations or between International Organizations of 21 March 1986.
16. UNIDO Staff Pension Committee.
17. Matters related to intergovernmental, non-governmental, governmental and other organizations.
18. Appointment of the Director-General.
19. Date and place of the tenth session.
20. Closure of the session.

(c) Agreed to hold a forum within the framework of the General Conference (provisional agenda item 9);

(d) Recommended to the Conference that items 7 to 17 of the provisional agenda be allocated to a main committee of the Conference;

(e) Recommended that, in the light of experience gained in the preparation of previous sessions of the Conference, the President of the twenty-fourth session of the Industrial Development Board conduct informal consultations for the preparation of the ninth session of the Conference.

7th plenary meeting
22 June 2001

IDB.24/Dec.16 PROVISIONAL AGENDA AND DATE OF THE TWENTY-FIFTH SESSION

The Industrial Development Board:

(a) Took note of the information contained in document IDB.24/CRP.3;

(b) Decided to adopt the following provisional agenda for its twenty-fifth session:

1. Election of officers.
2. Adoption of the agenda.
3. Annual report of the Director-General on the activities of the Organization in 2001.
4. Financial situation of UNIDO.
5. Investment and Technology Promotion Offices.
6. Joint Inspection Unit activities relevant to UNIDO.
7. Matters related to intergovernmental, non-governmental, governmental and other organizations.
8. Provisional agenda and date of the twenty-sixth session.

(c) Decided to hold its twenty-fifth session from 15 to 16 May 2002.

7th plenary meeting
22 June 2001

Annex II

DOCUMENTS SUBMITTED TO THE BOARD AT ITS TWENTY-FOURTH SESSION

Symbol	Agenda item	Title
IDB.24/1	3	Provisional agenda
IDB.24/1/Add.1	3	Annotated provisional agenda
IDB.24/2 and Corr.1	4	*Annual Report of UNIDO 2000.* Interim programme performance report for the biennium 2000-2001.
IDB.24/2/Add.1	4	*Annual Report of UNIDO 2000.* Interim programme performance report for the biennium 2000-2001. List of technical cooperation activities.
IDB.24/3	5	Programme and budgets, 2002-2003. Proposals by the Director-General
IDB.24/4	5	Working Capital Fund for the biennium 2002-2003. Proposals by the Director-General
IDB.24/5	5	Scale of assessments for the fiscal period 2002-2003. Note by the Secretariat
IDB.24/6 and Corr.1	5	Interim financial performance report for the biennium 2000-2001. Submitted by the Director-General
IDB.24/7 and Add.1	5	Candidatures for the appointment of an External Auditor. Report by the Director-General
IDB.24/8	5	Financial situation, including arrears. Report by the Director-General
IDB.24/9	5	Implementation of measures recommended by the External Auditor. Report by the Director-General
IDB.24/10	5	Introduction of the euro. Note by the Secretariat
IDB.24/11	5	Report by the Chairperson of the Intersessional working group on proposed amendments to the financial regulations, H.E. Mrs. Irene Freudenschuss-Reichl (Austria)
IDB.24/12	7	Environment-related activities. Report by the Director-General
IDB.24/13	10	Personnel matters. Report by the Director-General
IDB.24/14	13	Draft contract for appointment of the Director-General. Note by the Secretariat
IDB.24/15	8	Field representation. Progress report by the Director-General
IDB.24/16 and Add.1	9	Industrialization of the least developed countries. Report by the Director-General
IDB.24/17	13	Candidates for the post of Director-General. Note by the Secretariat
IDB.24/18	11	Follow-up to Joint Inspection Unit recommendations. Report by the Secretariat
IDB.24/19	6	Financing UNIDO programmes, including new initiatives for funds mobilization. Report by the Director-General
IDB.24/20	5	Programme framework. Report by the Director-General

Symbol	Agenda item	Title
IDB.24/21	14	Preparations for the ninth session of the General Conference. Report by the Director-General
IDB.24/22	5	Report of the Programme and Budget Committee on the work of its seventeenth session
IDB.24/23	-	List of States included in Annex I to the Constitution of UNIDO. Note by the Secretariat
IDB.24/24 and Add.1	12	Applications from non-governmental organizations for consultative status. Note by the Director-General
IDB.24/25	5	Financial situation of UNIDO. Terms of payment plan. Note by the Director-General
IDB.24/CRP.1	3	List of documents
IDB.24/CRP.2	5	Updated information on the financial situation of UNIDO
IDB.24/CRP.3	15	Provisional agenda and date of the twenty-fifth session. Note by the Director-General
IDB.24/CRP.4	10	List of staff of the UNIDO Secretariat. Submitted by the Secretariat
IDB.24/CRP.5	8	Field representation. Current situation and future plans. Note by the Director-General
IDB.24/CRP.6	6	Status of integrated programmes. Note by the Secretariat
IDB.24/CRP.7	4	Investment and Technology Promotion Offices. Note by the Secretariat
IDB.24/CRP.8	14	Preparations for the ninth session of the General Conference. Note by the Director-General
IDB.24/CRP.9	-	List of participants

Distr.
GENERAL

GC.9/5
13 September 2001

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

GENERAL CONFERENCE

Ninth session
Vienna, 3-7 December 2001
Item 13 of the provisional agenda

THE REGIONAL DIMENSION

Participation of the private sector in the industrialization of Africa

Report by the Director-General

Reports on the implementation of measures contained in General Conference resolutionGC.8/Res.5.

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V.01-87092 (E)

Distr.: 19 October 2001

Introduction

1. In resolution GC.8/Res.5 the General Conference reiterated the crucial role that industrialization must play in the transformation of the African economies and in efforts to eradicate poverty, and expressed its conviction that in the process of global economic liberalization, the private sector must assume a driving role in the industrial development of African States.

2. In that context, the General Conference commended the efforts already undertaken by the African countries to improve the capacities of their private sectors, and stressed the need for them to continue these efforts with a view to creating a favourable climate for direct investment and for the development of the private sector.

3. The Conference observed, however, that Africa's share in world trade had decreased continually from 4 per cent in the early 1980s to 2 per cent by 1996, and that African States account for barely 1.3 per cent of world foreign direct investment flows, while the rate of return on investments is higher in Africa than elsewhere in the world.

4. Against this background, the resolution appealed to all multilateral development institutions to cooperate with the private sector in UNIDO Member States in the implementation of technical assistance as well as in meetings on industrial development issues. It also appealed to all partners in the development of Africa and to the international community to contribute jointly to the restoration of the image of Africa as a continent propitious for investment and sustainable industrial development.

I. THE GROWING ROLE OF THE PRIVATE SECTOR IN PROMOTING ECONOMIC AND INDUSTRIAL DEVELOPMENT

5. As emphasized in resolution GC.8/Res.5, the accelerating processes of globalization and economic liberalization have resulted in a dramatic increase in the contribution of the private sector to development since the early 1990s. This is highlighted by the latest OECD data on total net resource flows from the member countries of the Development Assistance Committee (DAC) and multilateral agencies to aid recipients, which are reproduced below in figure 1. These data show a complete reversal in the source of these financial flows during the past decade. Whereas in 1991 official development assistance (ODA) still accounted for more than 60 per cent of total resource flows, by 1996 the share of these flows had fallen to only about 20 per cent, with private flows accounting for almost 80 per cent of the total. Although the share of private flows fell in the next two years to about 60 per cent due to the effects of the financial crises in Asia and elsewhere, a significant recovery in this share to almost 65 per cent was witnessed in 1999, the last year for which comprehensive data are available.

6. Regionally disaggregated data indicate that this pattern is repeated in the case of Africa, with private capital flows having risen from a negative (out)flow of some $0.4 billion in 1991 to a positive (in)flow of approximately $4.2 billion in 1999. During the same period, ODA flows declined from $17.7 billion to $12 billion. While the total capital inflows thus remained broadly constant, or even showed a slight slippage, this was due entirely to the decline in ODA, which was at least partially offset by a substantial rise in private flows.

Foreign direct investment

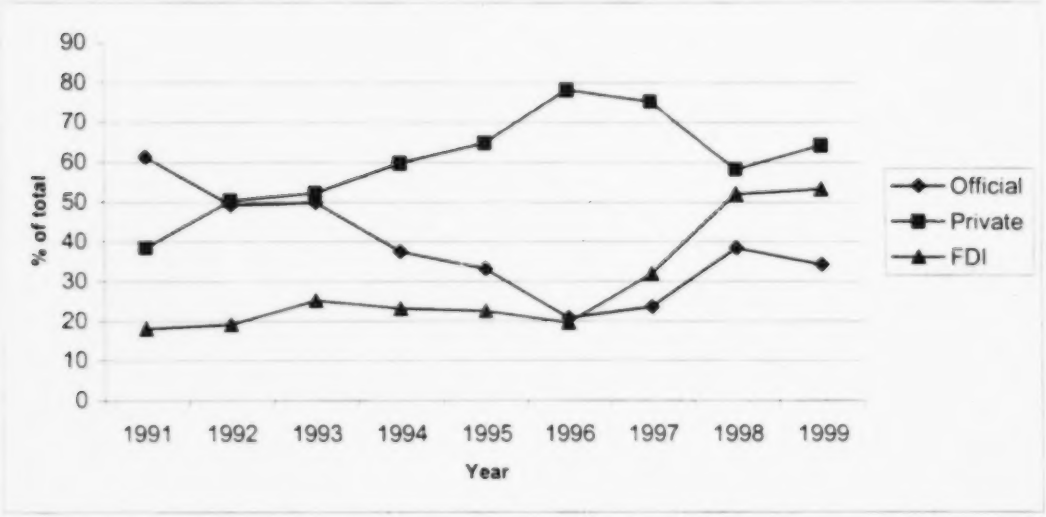
7. Figure 1 shows further that foreign direct investment (FDI) has come to play an increasingly prominent role in international resource flows to developing countries. From less than 20 per cent in 1991, the share of FDI in the total had risen to well above 50 per cent by 1999. Since 1997 the value of FDI has, in fact, exceeded the value of ODA.

8. The growing importance of FDI is also underlined by data compiled by UNCTAD, which are presented in figure 2 below. These show that the total value of FDI flows surged from $158.9 billion to $865.5 billion between 1991 and 1999. While the vast bulk of these resources flowed into developed countries, the value flowing into developing countries nevertheless increased almost fivefold during the same period, from $41.7 billion to $207.6 billion.

9. As pointed out in resolution GC.8 Res.5, the share of FDI flows being channelled into Africa is minuscule, and amounted to a mere 1.2 per cent of the world total in 1999. These overall figures do not tell the whole story, however. To obtain a more balanced view of the contribution of FDI flows to economic development in Africa, it is necessary to take a closer look at recent trends in the volume and direction of these flows, and at the share of FDI in such variables as gross capital formation and gross domestic product.

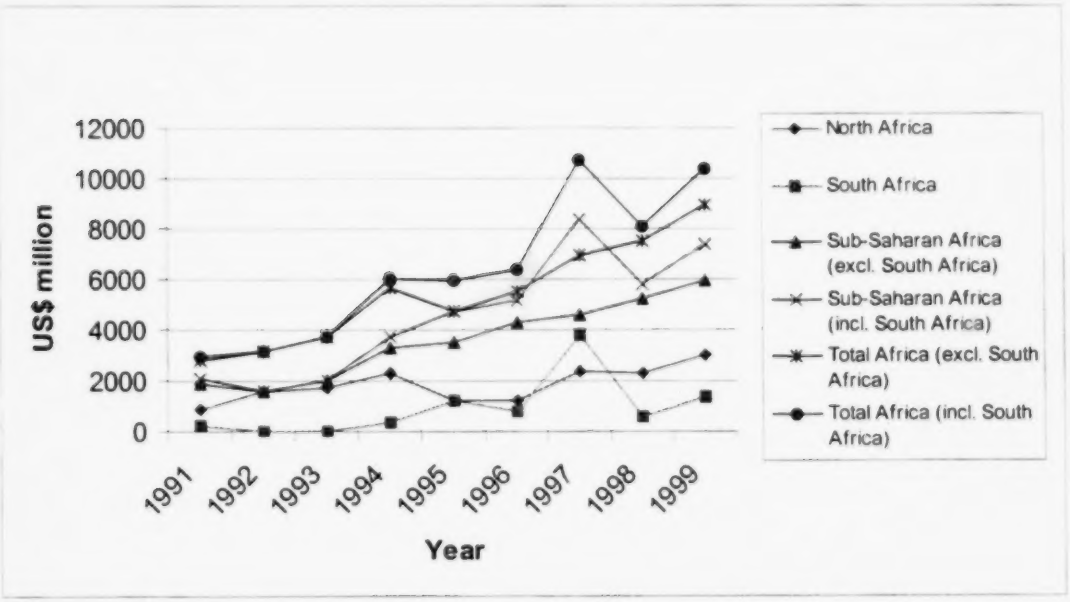
10. The volume of FDI flowing into Africa, excluding South Africa, for example, showed a steady increase of 325 per cent from $2.8 billion in 1991 to $8.9 billion in 1999. Including South Africa, these flows recorded an increase of almost 350 per cent from just under $3 billion to $10.3 billion. A further regional breakdown of these data indicates that the flows to North Africa increased by some 340 per cent from $0.9 billion to almost $3 billion, while the flows to Sub-Saharan Africa rose by almost 200 per cent from $1.9 billion to slightly less than $6 billion (excluding South Africa) or by about 350 per cent from $2.1 billion to $7.3 billion (including South Africa).

Figure 1. **Net resource flows to aid recipients**



Source: OECD, downloaded from: http://webnet1.oecd.org/oecd/pages/home/displaygeneral/0,3380,EN-statistics-notheme-2-no-1--0---2,00.html

Figure 2: FDI inflows into Africa



Source: UNCTAD, *World Investment Report 1997* and *World Investment Report 2000*.

11. Though falling behind the overall rate of increase recorded in developing countries as a whole, the rates of increase in FDI flows to Africa during the past decade are nevertheless impressive, even allowing for the fact that they are measured from a comparatively low base. An analysis of the available data thus shows that FDI flows to all African countries rose by an annual average of almost 21 per cent between 1991 and 1999.

12. A further comparative analysis of the contribution of foreign investment to economic development is presented in figure 3. This shows that the share of FDI inflows in overall investment has followed a broadly rising trend in Africa as in all developing countries during 1991-1998, although the aggregate data for both the developing countries as a whole and for Africa reveal some significant sub-regional discrepancies. In the case of Africa, the contribution of FDI to gross fixed capital formation has remained relatively low and erratic from year to year in North Africa, whereas in sub-Saharan Africa (excluding South Africa) it has risen steadily from an average of some 7 per cent in the early 1990s to approximately 14 per cent by 1996-1998. These rates are significantly higher than the corresponding figures for all developing countries, which rose from an average of about 5.5 per cent to 10.5 per cent during that period.

13. Similarly, the share of inward FDI stocks in GDP is relatively large in Africa. As shown in figure 4, the share for the continent as a whole is broadly in line with the average for all developing countries, while the share for sub-Saharan Africa, excluding South Africa, significantly exceeds this average.

14. The data presented above show that Africa has retained a relatively strong interest for foreign investors in overall terms. A breakdown of the FDI flows into Africa by country of origin shows further that although France, the United Kingdom and the United States remained the most important sources, other countries such as Germany and the Netherlands have been gaining in importance over time. This is reflected in the gradual decline in the combined share of the "big three" from 77 per cent in 1984-1988 to some 65 per cent of the total in 1994-1998.

15. In the absence of precise documentation on the sectoral distribution of FDI flows into Africa, all the available evidence suggests that the extraction of natural resources remains the main activity of FDI, especially of that originating from the United States and France. Manufacturing industry nevertheless continues to attract significant flows, especially from Germany, the Netherlands and Switzerland. Inflows from the United Kingdom went mainly into the service industries.

Domestic private investment

16. Although no comparable international statistics are available on the performance of domestic private investment, the International Finance Corporation has published a set of data for selected developing countries distinguishing between total private (domestic and foreign) investment flows on the one hand, and public investment on the other. These data show that the share of private investment in total investment rose steadily in both South Asia and the Latin American and Caribbean region in the 1990s, but fell in East Asia in the latter half of the decade as a result of the Asian crisis. It has been rising in sub-Saharan Africa since the mid-1990s, after falling in the preceding years. In overall terms, however, the share of private investment in total investment is shown by these data to have been more than ten percentage points lower in sub-Saharan Africa than in the other developing regions in 1998.

Inter-country variations

17. The aggregated data presented above conceal a number of inter-country differences, however, reflecting the vast diversity of Africa. Thus, FDI inflows to the 10 most important recipient countries (Angola, Côte d'Ivoire, Egypt, Gabon, Morocco, Mozambique, Nigeria, South Africa, Sudan and Tunisia) amounted to almost 83 per cent of total inflows to the continent as a whole in 1999. The remaining 17 per cent were shared between no less than 41 countries, 14 of which received inflows of $10 million each or less in that year, and a further 11 of which received between $11 million and $50 million.

18. Overall, the empirical evidence presented above shows that while the general picture regarding the role and interest of the private sector in the industrial and economic development of Africa is not as dreary as is sometimes painted, it nevertheless contains a large number of bleak patches. As emphasized in resolution GC.8/Res.5, there is thus an urgent need for many African countries to continue their efforts to create a favourable climate for direct investment and for the development of the private sector.

II. STIMULATING PRIVATE SECTOR PARTICIPATION IN DEVELOPMENT

19. The defining characteristic of entrepreneurship is the ability to identify lucrative business opportunities and, through judicious investment and risk-taking, to develop these opportunities into productive and profitable commercial ventures. While such business opportunities exist in all countries, and usually in a wide variety of sectors and at widely divergent scales of

Figure 3. Share of FDI in gross fixed capital formation

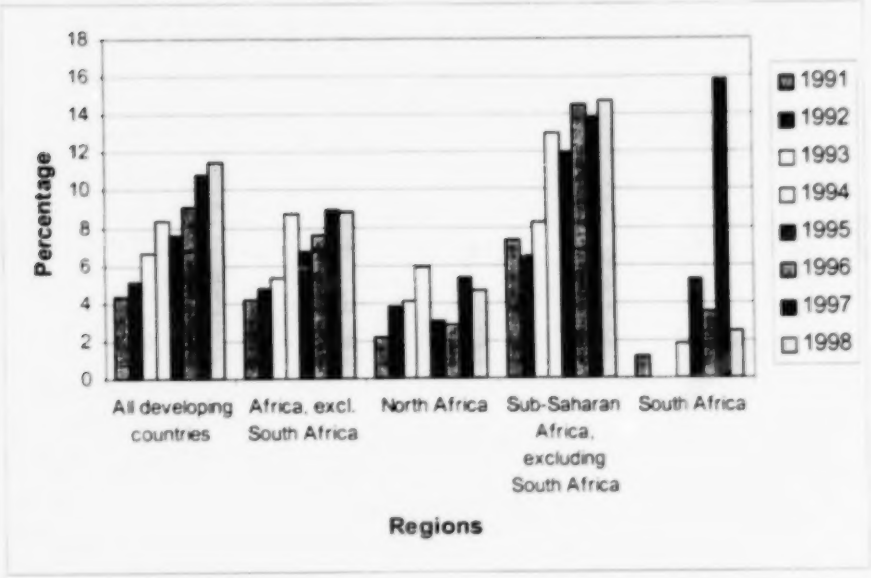
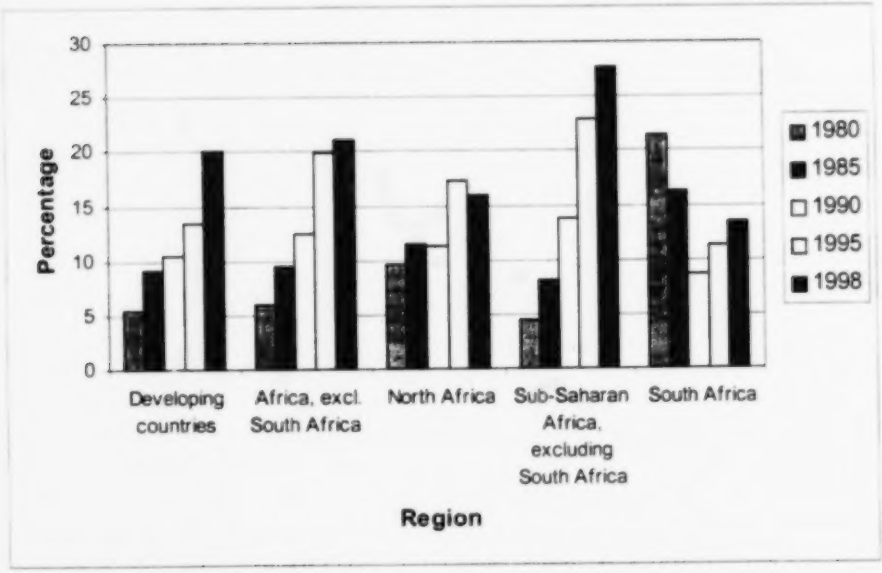
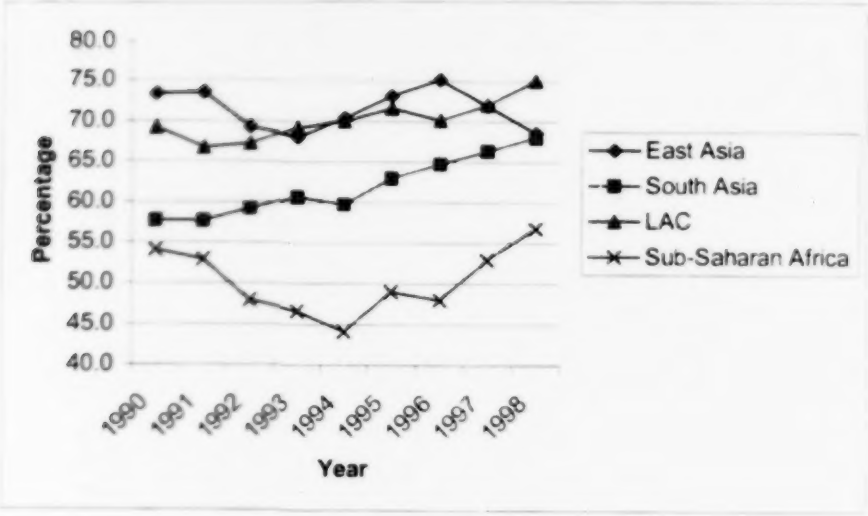


Figure 4: FDI stocks as share of GDP



Source: UNCTAD, *World Investment Report 1997* and *World Investment Report 2000*.

Figure 5. Share of private investment in total investment



Source: Bouton, Lawrence, & Sumlinski, Mariusz A., *Trends in Private Investment in Developing Countries—Statistics for 1970-1998*, International Finance Corporation, Discussion Paper No. 41, Washington, June 2000.

production, the extent to which entrepreneurs will be able to take full advantage of them will depend to a considerable extent on a variety of external factors. These comprise a wide range of governance issues, such as the integrity of the political system, the effectiveness of the policy and regulatory framework, and the security of property rights. They also include the availability of appropriate institutional and financial support mechanisms, such as access to business development and micro-finance services. Finally, they include the adequate availability of the necessary physical infrastructure, such as transport, communications and utilities, as well as social infrastructure, such as education and health services. In short, the ability of the private sector to participate effectively in the economy and make the desired contribution to the development process will depend on the availability of what has come to be known as a "conducive" or "enabling" business environment.

Inter-country variations

20. The need to provide the private sector with a conducive business environment in accordance with the criteria summarized above has been increasingly recognized during the past 10 to 15 years, and has prompted decision makers throughout the world to make conscious efforts to establish business-friendly operating environments in their countries. This is as true for decision makers in African countries as elsewhere, and the past decade has seen the introduction of wide-ranging political and economic reforms in many African countries intended to achieve this aim. The steps taken in this connection have included democratization measures aimed at improving the stability and effectiveness of the prevailing political systems, as well as macroeconomic reforms aimed at enhancing economic stability and providing investors with increased levels of assurance regarding their investments. These general measures have in most cases been supplemented by specific and direct policies to stimulate a greater level of economic participation by the private sector, such as the introduction of privatization programmes and the liberalization of regulatory controls on the activities of private entrepreneurs. The combination of these measures has played a major role in attracting the increased levels of foreign and domestic private investment during the past decade highlighted by the empirical evidence presented above.

21. Despite these broadly favourable trends, the framework within which entrepreneurs are required to operate continues to vary substantially from one country to another, both in Africa and elsewhere. Political instability, sometimes escalating to dangerous levels of violence or even civil war, remains prevalent in many countries and deters foreign investors as well as stultifying domestic entrepreneurship. Similarly, the macroeconomic policy framework often remains inadequate and, coupled with an unfavourable regulatory environment and weak enforcement mechanisms, serves to undermine the efforts of entrepreneurs to exploit the available business opportunities. Moreover, these difficulties are exacerbated by the unavailability of suitable institutional support structures and financial services, and by the absence of the required physical and social infrastructure, as described above.

22. Though clearly not the only determinants of the inter-country variations in investment performance and

private sector participation noted above, these differences in the business environment almost certainly account for a substantial proportion of these variations. Even in countries where objective constraints such as low income levels and small market size may inhibit the development of the private sector, it remains axiomatic that, other things being equal, an improvement in the business environment will stimulate a more rapid growth of private investment, both foreign and domestic, and a corresponding acceleration in the process of private sector development.

III. SUPPORT SERVICES PROVIDED BY MULTILATERAL DEVELOPMENT ORGANIZATIONS

23. While the creation of a conducive environment for the development of the private sector in Africa must depend primarily on domestic efforts by African policy-makers themselves, the multilateral development organizations can play an important supportive role in helping to achieve this objective. In line with their expertise and responsibilities, they are making increasingly active contributions towards supporting national efforts to improve the business environment through both technical cooperation and financial assistance. The activities supported by these agencies cover a broad range of programmes from policy advice at the macro level to institutional capacity-building at the meso-level and enterprise-based activities at the micro-level. In addition, the worldwide links of the multilateral agencies give them a unique ability to identify promising investment opportunities and assess the investment climate in developing countries. They are therefore in a strong position to disseminate impartial and accurate information about the business environment in these countries to the private sector, and thereby to correct any misconceptions that may arise, e.g. through biased media coverage.

24. Examples of macro-level support measures include programmes sponsored by UNDP to improve national governance frameworks, and those promoted by the IMF to encourage macroeconomic structural adjustment measures. Further downstream, the World Bank Group and several United Nations organizations have developed focused programmes to provide capacity-building support for private-sector development at the institutional level, with some programmes reaching even further down to the enterprise level. The following paragraphs will review some of the more relevant of these programmes for Africa.

Policy advice

25. Responding to the challenge posed by the United Nations Millennium Summit to cut poverty in half by 2015, UNDP has formulated a strategy that seeks to address the many causes of poverty. The implicit underlying objective of this strategy is to create increased economic opportunities for private entrepreneurs, who are seen as the main driving force of sustainable human development. The strategy therefore focuses on helping to overcome the diversity of constraints hampering the establishment and maintenance of suitable operating environments for private business. In this context, UNDP has also recognized the risks posed by socio-political factors to the emergence and growth of a vibrant private sector, and its strategy consequently pays particular attention to such issues as democratic governance, crisis prevention and recovery, and HIV/AIDS. Within the framework of its democratic governance programme, UNDP has developed specific initiatives to promote decentralized governance, accountability and transparency, all of which constitute significant elements of a conducive business environment for private sector development.

26. The IMF has a long history of promoting structural reforms aimed at overcoming market distortions which frequently undermine the ability of entrepreneurs to take full advantage of existing economic opportunities. Many countries in Africa and elsewhere have drawn on its Structural Adjustment Facilities (SAFs) and Enhanced Structural Adjustment Facilities (ESAFs) launched in the mid-1980s. While ostensibly associated with the IMF's macroeconomic programmes in such areas as fiscal policy, the financial sector and the foreign exchange and trade system, the measures undertaken within the framework of the structural adjustment programmes have also sought to improve the general business environment. A growing focus on public enterprise reform and privatization since the early 1990s has also enhanced the investment opportunities for private entrepreneurs.

27. Since November 1999 the SAF/ESAF has been replaced by the Poverty Reduction and Growth Facility (PRGF), reflecting a broadening of the IMF's concessional lending objectives to include an explicit focus on poverty reduction in the framework of a growth-oriented strategy. This facility is intended to be linked to the social and sectoral programmes formulated within the framework of a comprehensive national Poverty Strategy Reduction Paper (PRSP) to be prepared by national stakeholders, including representatives of civil society and the private sector, with the support of the World Bank and IMF. While the IMF's lending under the PRGF will continue to focus on the macroeconomic programmes that fall within its primary responsibility, the Fund has also stated that it plans to take into account the micro-economic considerations of the PRSP, as well as such governance issues as the improved management of public resources, greater transparency, increased accountability and active public scrutiny. This should greatly facilitate the creation and maintenance of an enabling business environment in which the private sector will have improved prospects for growth. Of the 77 low-income member countries of the IMF eligible for PRGF assistance, 36 are in Africa.

28. The World Bank Group has also launched several major initiatives to promote private sector development, both on a global level in general and in Africa in particular. The scope of these initiatives has ranged from work on the governance environment and institution-building to the provision of infrastructure and social services to enable people to respond to economic opportunity. The Group is thus currently in the process of formulating a comprehensive Private Sector Development Strategy document for presentation to its Executive Directors in December 2001. The purpose of that document is to set out how developing country Governments can benefit from private initiative to pursue socially useful goals through sound policy and institutions. In this context, the document seeks to answer the questions how the private sector can best complement the public sector in achieving the overarching goal of poverty reduction, and how international organizations like the World Bank Group can facilitate sound policies and institutions in developing countries.

29. Within the World Bank Group, the International Finance Corporation (IFC) plays an especially active role in promoting growth through private sector development. The Corporation also notes that it places a special emphasis on Sub-Saharan Africa because of its enormous development needs. The IFC therefore seeks to help increase the quantity and quality of private investment in the region, to support the mobilization of foreign capital, and to help create an appropriate regulatory and policy environment for private sector activities.

30. Jointly with the World Bank, the IFC provides developing countries with the Foreign Investment Advisory Service (FIAS), which offers policy advice in matters related to investment promotion. Since its establishment in 1985, FIAS has undertaken more than 100 projects in Africa, with more than 30 having been under implementation in the past two years alone. This therefore represents a valuable policy-level service for African countries seeking to strengthen their investment climate and attract foreign direct investment.

31. Similar services are also provided by UNCTAD within its Policy Framework for Attracting Foreign Investment Programme (FORINVEST). The agency also provides assistance to developing country Governments in their negotiations with foreign investors, and transnational corporations (TNCs) in particular, through its Negotiating International Business Arrangements Programme (TRANSACT). In addition, UNCTAD offers policy advice to Governments in the field of enterprise reform and privatization.

Institutional capacity-building

32. An important initiative at the institutional level has been launched by IFC in the form of an information network called the Africa Business Network (ABN), which aims to meet the information needs of investors in general, and SMEs in particular. The network brings together information on resources available from IFC, its partners and other sources that can help to increase the quantity and quality of private investment in Africa. The variety of information available from the network ranges from general business and economic information on 34 countries of Sub-Saharan Africa to specific "how to" information on formulating a business plan, and starting, financing and managing a business.

33. Other significant support institutions established by IFC, often in partnership with other bilateral and multilateral development organizations such as the Canadian International Development Agency (CIDA), UNDP and the African Development Bank (AFDB), are the Africa Project Development Facility (APDF), the African Enterprise Fund (AEF) and the Enterprise Support Services for Africa (ESSA).

34. Another agency of the World Bank Group which plays a valuable institution-building role is the Multilateral Investment Guarantee Agency (MIGA). In addition to its core role of providing investment guarantees, this agency offers technical assistance to national investment promotion agencies. Together with a number of other multilateral agencies and organizations, including FIAS, the OECD, UNCTAD and UNIDO, MIGA has also sponsored the establishment of the World Association of Investment Promotion Agencies (WAIPA). This body was established in 1995 in order to provide national investment promotion agencies with a forum to promote cooperation, share experiences, and strengthen information systems, as well as assisting them in gaining access to technical assistance and providing policy advice to their Governments. By 2001 the membership of this association had risen to 116 national agencies, including 32 from Africa.

35. Several notable efforts have also been undertaken by UNDP at the institutional level. One of these has involved the partial funding of the establishment of the African Management Services Company (AMSCO) in the mid-1990s. This firm is headquartered in Amsterdam, with regional offices in Nairobi, Harare and Accra. It provides qualified managerial and technical staff to privately-owned African companies as well as management training services to these companies. Another effort launched by UNDP to help improve the institutional framework for private sector development is its broad-based initiative to promote the spread of information and communications technologies to developing countries. The activities undertaken in this context have included the steady expansion of the Sustainable Development Networking Programme first initiated in 1989, and launching of the Digital Opportunity Initiative at the Okinawa Summit in July 2000 in a public-private partnership with Accenture and

the Markle Foundation. The former, which encompasses 28 countries in sub-Saharan Africa and five in North Africa, aims to help bridge the "digital divide" by launching and supporting local Internet sites and building national capacities and knowledge resources. The latter, which examined national ICT strategies in several countries around the world including South Africa and the United Republic of Tanzania, led to the formulation a strategic framework for action to enable developing countries to reap the benefits of the networked economy and an information society.

Enterprise-level activities

36. The United Nations system and several other multilateral development agencies have also initiated programmes with direct linkages to private enterprises, both as partners in the promotion of sustainable development and as target beneficiaries. The most outstanding of these is the Global Compact with the business community proposed by the United Nations Secretary-General, Mr. Kofi Annan, to "reconcile the creative forces of private entrepreneurship with the needs of the disadvantaged and the requirements of the future generations". This Compact calls for world business leaders to support a set of nine principles covering human rights, labour standards and the environment both in their individual corporate practices and by supporting appropriate public policies. Though not linked directly to development-related activities in Africa, this initiative by the Secretary-General has provided a framework for many United Nations agencies, including UNIDO, to enter into development-oriented partnerships with private business, in Africa and elsewhere.

37. In 2000, UNCTAD launched a programme to analyse development-oriented linkages between TNCs and SMEs, and has hosted several workshops and seminars on this topic. The goal of this programme is to assess the degree to which TNCs can play a more pronounced developmental role in their relationships with their SME suppliers and vendors in developing countries, and to help these SMEs to enhance their competitiveness and upgrade their products and processes so that they may insert themselves successfully into global value chains. Papers on this subject were presented by representatives of several African countries at the last expert meeting on this topic held in Geneva in November 2000. While acknowledging that SMEs in some regions, including Africa, may function in environments that are not favourable to entrepreneurship and often do not have the support services they require to be partnership-ready, this expert meeting proposed a number of specific measures that could be taken by Governments, international organizations and TNCs to help in overcoming these constraints.

38. An important contribution at the enterprise level is also being made by MIGA. This agency seeks to encourage private foreign investment in developing countries not only through the provision of investment insurance against non-commercial risks, but also by undertaking a variety of specific investment-promotion activities. These include research and the dissemination of information on investment opportunities in developing countries.

Awareness creation of business opportunities in Africa

39. Considerable efforts are being made by the multilateral development agencies within the United Nations system and beyond to generate awareness within the international business community of the opportunities for profitable operations in Africa. For example, IFC has recently published a report entitled "Building the private sector in Africa—To reduce poverty and improve people's lives", which opens with the observation that:

> "As Africa enters the new millennium, it is poised to provide more economic opportunities for its citizens through sustained growth led by the private sector and to alleviate the poverty that has long plagued the region. Sweeping changes in economic policies under way in the 1990s have begun to create a more stable and attractive environment for private investment ... Economic reforms have virtually transformed the region from what it was in the 1980s. They have strengthened macroeconomic management, liberalized domestic markets and trade, privatized state-owned enterprises, eased restrictions on private investment (including foreign investment), and freed up financial markets."

40. Similarly, other agencies have also published, often jointly, a number of studies in the recent past indicating the political and economic changes that need to be introduced to improve the business environment in Africa, and highlighting those that have already taken place in a number of countries. An important example of such a study is the book *Can Africa Claim the 21st Century?*, issued in April 2000 by AFDB, the African Economic Research Consortium, ECA, the Global Coalition for Africa and the World Bank. While acknowledging the enormous developmental challenges still facing the continent, this study exudes an essentially optimistic message and presents a comprehensive road map of issues that need to be addressed by African countries in their attempts to improve the business environment in order to stimulate increased private sector participation for the achievement of their developmental goals.

41. A similarly positive message is also being delivered by many multilateral agencies in their regular

publications. The *African Development Report 2000* issued by AFDB notes, for example, that while the structural constraints that severely limit the development of human capabilities and overall sustainable human development remain formidable, and that while much therefore still needs to be done, these concerns must be balanced with the promise based on recent positive changes in the region. It points out in this connection that:

> "Africa is ending the century and entering the new one in a better position than five years ago. Politically, and broadly speaking, African countries have become more participatory and democratic as the role of civil society strengthens. Economically, the policy environment has improved and economic growth is more broad-based. Governments have relaxed their stranglehold on the economy and allowed greater liberalization. Private initiatives, propelled by market-based considerations, increasingly dominate decision-making."

42. There are also some grounds for optimism that this message is getting through to the business community. A clear example of how the favourable reporting by multilateral development agencies is being picked up by business information firms in the private sector and relayed to potential investors is given by an article on FDI published by the Economist Intelligence Unit in the June 2000 issue of its *Regional Overview for Africa*. Referring to two reports published by UNCTAD, this article reiterates the points that it is important to take a "differentiated" view of Africa and that the rates of return on FDI in 1991-1997 were the highest in the world, at around 29 per cent per year. The gradual but steady growth in FDI flows to Africa shown by the empirical data presented above also provides clear evidence that such awareness creation efforts are having an effect and investors are increasingly recognizing the improved business opportunities offered by many African countries.

IV. THE CONTRIBUTION OF UNIDO[1]

43. In view of its mandate to support sustainable industrial development in developing countries and economies in transition, and in view of the growing recognition throughout the world that industry should largely remain the preserve of the private sector, UNIDO is particularly well placed to promote the participation of the private sector in Africa's development. In fact, it would not be an exaggeration to claim that almost all of the services offered by UNIDO are aimed specifically at strengthening the developmental role of the private sector in the Organization's client countries. These services include both global forum and technical cooperation activities, with the former being aimed at identifying and disseminating information, knowledge and best practices on industrial development issues, and the latter involving specific support services to enhance the capacities and capabilities of private entrepreneurs in establishing and operating efficient and competitive manufacturing industries. In providing its technical cooperation services, moreover, UNIDO operates at all three of the levels of intervention mentioned above—policy, institutional and enterprise.

44. In the context of its global forum activities, UNIDO signed a cooperation agreement for a two-year research programme with the Centre for the Study of African Economies (CSAE) of the University of Oxford in October 1999. The proposed research activities, which cover such areas as understanding the micro-economics of African industry, collecting primary firm-level data, and training African civil servants and UNIDO staff, are intended to provide the basis for the strengthening of government capacities to formulate and implement appropriate policies in support of private industry.

45. In addition, UNIDO has published several important documents covering industrial development issues in Africa, which are intended both as sources of policy advice to African decision makers and as vehicles to correct the misconceptions and generalizations about Africa prevailing in the countries where the bulk of the world's investment flows originate. These include *The Globalization of Industry—Implications for Developing Countries Beyond 2000* published in December 1996, which contains a special chapter on Africa, *African Industry 2000—The Challenge of Going Global* published in 1999, and *Building Productive Capacity for Poverty Alleviation in Least Developed Countries—The Role of Industry* published in 2001. These documents have received wide publicity and will have helped both to influence the decision-making process in Africa and the perceptions of the African situation among foreign investors.

46. Another important global forum activity initiated by UNIDO in the recent past was a regional workshop on the dynamics and implications of establishing public-private sector consultative mechanisms in Africa, held in 1999 at Dakar. The proceedings, and a related paper entitled "Public-private partnerships for economic development and competitiveness, with special reference to the African experience", were published.

47. The establishment of an African mechanism for private-public sector dialogue constitutes an important component of the Alliance Plan of Action, adopted in May 1997 at Accra in the context of the Alliance for Africa's Industrialization. This Plan envisages the

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[1] A more comprehensive review of the role and activities of UNIDO in supporting private sector development in Africa is given in Kennedy, Richard M., and Hobohm, Sarwar, "Capacity Building for Private Sector Development in Africa", Working Paper No. 3, PSD Technical Working Papers Series, UNIDO, 1999.

establishment of national platforms for public-private sector dialogue, and the Steering Committee of the Alliance has recommended that each member should select a private sector representative to participate in the Committee's activities on a permanent basis. Progress with the establishment of these public-private sector consultative mechanisms has been varied, and UNIDO is actively working with participant countries in the physical implementation of Industrial Partnership Councils for the promotion of public-private sector cooperation.

48. Issues related to the development of the private sector have also been covered extensively in a series of technical working papers prepared by UNIDO on the basis of the Organization's technical cooperation activities in this field. Two of the titles issued in this series relate specifically to Africa: "Capacity building for private sector development in Africa", and "Financing of private enterprise development in Africa".

49. UNIDO also gives a high priority to Africa in its technical cooperation activities, with 20 of the 41 integrated programmes approved to date being devoted to Africa.[2] These programmes have a total budget of some $135 million, representing almost 60 per cent of the combined budgets of all of UNIDO's integrated programmes. They span a wide range of activities, including policy advice, the development of statistical services and information networks, the provision of technical support in quality-related issues, assistance in investment and technology promotion, environment- and energy-related projects, the promotion of entrepreneurship development, and support for the upgrading of agro-industries.

50. All of the integrated programmes for Africa place a high priority on enhancing the developmental role of the private sector, reflecting the objectives of industrial restructuring, economic liberalization, private-sector led economic growth and investment promotion set by the Governments of most of the countries concerned. Consequently, the integrated programmes for Africa are focused, almost without exception, on increasing the efficiency and competitiveness of private sector enterprises in the beneficiary countries, the vast majority of which operate on a small or medium scale. These programmes thus almost invariably feature such activities as private sector and/or entrepreneurship development, and the promotion of micro, small and medium enterprises. Many also provide for policy support in such areas as industrial deregulation and restructuring, promoting competitiveness, and encouraging investment. Institutional support measures, such as the creation and/or strengthening of appropriate business support services, industrial information networks, and facilities to meet quality, standardization and metrology requirements, are also included in many of the integrated programmes formulated for Africa.

51. Through its evolving partnership programme with the international business community, UNIDO also seeks to attract the cooperation of private sector firms in its technical cooperation activities. While the pilot project of this innovative and still relatively new programme was implemented in India, it is now being extended to a global scale. In the case of Africa, a project is currently under way to tap the expertise of a leading Indian firm in the production of two- and three-wheeled scooters to support private-sector production of similar vehicles in Nigeria.

52. In addition, UNIDO is currently exploring the possibility of establishing strategic alliances with private equity funds in Africa as a means of improving the financial and technical support services for SMEs in Africa. Consultations have been held with Capital Alliance Nigeria, as a result of which UNIDO is now in the process of concluding a cooperation agreement with African Capital Alliance (ACA) and with the Lagos Business School. This will provide for a partnership in the implementation of a new Nigerian SSI initiative, through which commercial banks are required to set aside 10 per cent of their pre-tax profits for equity investments in SSIs. In a related development, UNIDO is exploring the possibility of entering into a partnership with the Small Enterprise Assistance Fund (SEAF), which is regarded as the most important donor-supported private equity fund for SMEs in developing countries. SEAF is particularly interested in collaborating with UNIDO in the establishment of a regional fund for West Africa, and the preparation of a cooperation agreement has been agreed upon.

53. The worldwide network of UNIDO Investment and Technology Promotion Offices (ITPOs) makes a major contribution in assisting industrial enterprises in developing countries to gain access to foreign capital, technology, managerial skills, marketing and equipment. The operations of these offices fall under the auspices of the UNIDO investment and technology promotion programme, which is private sector led and focuses on forging business partnerships. One of the activities undertaken in the context of this programme is the holding of investment forums, which have resulted in numerous business partnerships between African enterprises and international firms. The programme has also facilitated an increased level of South-South cooperation, with many business linkages having been promoted between African enterprises and enterprises in China, India and Malaysia. Within the framework of the Tokyo International Conference on African

[2] These programmes cover the following countries: Algeria, Burkina Faso, Côte d'Ivoire, Egypt, Eritrea, Ethiopia, Ghana, Guinea, Madagascar, Mali, Morocco, Mozambique, Nigeria, Rwanda, Senegal, Sudan, Tunisia, Uganda and the United Republic of Tanzania. In addition, a regional programme to promote agro-industrial development in West Africa has also been approved.

Development (TICAD), UNIDO has entered into a partnership with the United Nations Office of the Special Coordinator for Africa and the Least Developed Countries (OSCAL) to promote private sector development.

V. CONCLUSIONS

54. The empirical evidence provided in this document has confirmed the point made in resolution GC.8/Res.5 that the private sector is assuming an increasing predominance as the driver of industrial and economic development, in Africa as in the other regions of the world. This evidence has also shown that while the overall trends with regard to the private sector's contribution to development in Africa are encouraging, considerable inter-country differences remain. In order to broaden the scope for private-sector participation, policy-makers in Africa as elsewhere need to offer private entrepreneurs a conducive business environment providing good governance, appropriate institutional and financial support mechanisms, and adequate physical and social infrastructure. While the primary responsibility for providing this enabling environment must rest with national Governments, multilateral development agencies can, and do, play a significant supportive role in line with their specific mandates and capacities. Similarly, these agencies can, and do, also play an important part in helping to correct popular misconceptions about conditions in particular countries or regions, which may have a negative impact on investment interest in these regions.

55. UNIDO, as the specialized agency of the United Nations system concerned with promoting sustainable industrial development, plays a particularly important role in this connection. It provides a wide range of technical cooperation services to African countries, almost all of which are aimed at supporting the growth and development of efficient and competitive private enterprises, mainly of a small and medium scale. In addition, it also helps to promote the private sector's participation in developmental activities through its global forum function, both by providing African decision makers with the information and knowledge that they need to create a favourable framework for business in line with international best practices, and by disseminating accurate and impartial information on the prevailing business climate. Through its evolving partnership programme with private business, finally, the Organization is also seeking to attract the direct participation of the international business community in its developmental activities.

VI. ACTION REQUIRED OF THE CONFERENCE

56. The Conference may wish to take note of the information provided in the present document.

Abbreviations

ABN	African Business Network
AEF	African Enterprise Fund
AFDB	African Development Bank
AIDS	acquired immunodeficiency syndrome
AMSCO	African Management Services Company (UNDP)
APDF	Africa Project Development Facility
CIDA	Canadian International Development Agency
CSAE	Centre for the Study of African Economies (University of Oxford)
DAC	Development Assistance Committee
ECA	United Nations Economic Commission for Africa
ESAF	Enhanced Structural Adjustment Facility (IMF)
ESSA	Enterprise Support Services for Africa
FDI	foreign direct investment
FIAS	Foreign Investment Advisory Service (IFC)
FORINVEST	Policy Framework for Attracting Foreign Investment Programme (UNCTAD)
GDP	gross domestic product
HIV	human immunodeficiency virus
ICT	information and communications technology
IFC	International Finance Corporation
IMF	International Monetary Fund
ITPO	Investment and Technology Promotion Office
LAC	Latin America and the Caribbean
MIGA	Multilateral Investment Guarantee Agency (World Bank Group)
ODA	official development assistance
OECD	Organisation for Economic Cooperation and Development
OSCAL	United Nations Office of the Special Coordinator for Africa and the Least Developed Countries
PRGF	Poverty Reduction and Growth Facility (IMF)
PRSP	Poverty Strategy Reduction Paper (IMF)
SAF	Structural Adjustment Facility (IMF)
SEAF	Small Enterprise Assistance Fund
SMEs	small and medium enterprises
SSI	small-scale industry
TICAD	Tokyo International Conference on African Development
TNC	transnational corporation
TRANSACT	Negotiating International Business Arrangements Programme (UNCTAD)
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
WAIPA	World Association of Investment Promotion Agencies

Distr.
GENERAL

GC.9/6
18 September 2001

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

GENERAL CONFERENCE

Ninth session
Vienna, 3-7 December 2001
Item 15 of the provisional agenda

PARTICIPATION BY UNIDO IN THE VIENNA CONVENTION ON THE LAW OF TREATIES BETWEEN STATES AND INTERNATIONAL ORGANIZATIONS OR BETWEEN INTERNATIONAL ORGANIZATIONS OF 21 MARCH 1986

Note by the Director-General

Provides background information on the Convention and a draft decision for consideration by the Conference.

I. BACKGROUND

1. On 8 December 1998 the General Assembly of the United Nations adopted resolution 53/100 entitled "United Nations Decade of International Law" by which it recalled, inter alia, that the Vienna Convention on the Law of Treaties between States and International Organizations or between International Organizations of 21 March 1986 was one of the conventions adopted under the aegis of the United Nations which have codified the law of treaties, and further recalled the impact of the Convention on the practice of treaties concluded between States and international organizations or between international organizations. That resolution also encouraged international organizations that have signed the Convention to deposit an act of formal confirmation of the Convention, and other international organizations entitled to do so to acceed to it at an early date.

2. The Legal Counsel of the United Nations brought resolution 53/100 of 8 December 1998 of the General Assembly to the attention of the Legal Advisers of the United Nations system. In particular, he referred to the deposit on 21 December 1998 by the Secretary-General, on behalf of the United Nations, of an act of formal confirmation of the Convention. He also expressed the hope that other international organizations would become party to the Convention in the near future.

3. The Vienna Convention on the Law of Treaties between States and International Organizations or between International Organizations was prepared by the International Law Commission following a recommendation of the General Assembly of the United Nations. The topic of the Convention was studied by the International Law Commission in consultation with the principal international organizations in order to take into account their relevant practice, as recommended by the General Assembly. Then the draft articles were transmitted both to international organizations and Member States of the United Nations for their comments and observations. Subsequently, they were debated in the Sixth Committee of the General Assembly (Legal Questions). The Convention was adopted by the United Nations Conference on the Law of Treaties between States and International Organizations or between International Organizations held at Vienna from 18 February to 21 March 1986. At present, this Convention is not yet in force as in accordance with its Article 85 it will enter into force after 35 States will have deposited their instruments of

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V.01-87197 (E)

Distr.: 3 October 2001

ratification or accession. As of 7 September 2001, 26 States had become parties to the Convention.

4. It is to be noted that not only States but also international organizations may become parties to the Convention. This is the first time that international organizations are eligible to become a party to a convention that has codified rules of international law. The Convention is subject to acts of formal confirmation by international organizations that have signed it, and to accession by any international organization that has the capacity to conclude treaties. Thus, to this date, the following international organizations of the United Nations system have become parties to it: the International Atomic Energy Agency (IAEA), the International Labour Organisation (ILO), the International Maritime Organization (IMO), the United Nations (UN), the World Health Organization (WHO) and the World Intellectual Property Organization (WIPO). Also, the International Criminal Police Organization (INTERPOL) and the Organisation for the Prohibition of Chemical Weapons (OPCW), have acceded to the Convention. Other United Nations organizations are in the process of becoming parties and are for the moment signatories to the Convention: the Food and Agriculture Organization of the United Nations (FAO), the International Civil Aviation Organization (ICAO), the International Telecommunication Union (ITU), the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the World Meteorological Organization (WMO). The Council of Europe has signed the Convention.

5. In the United Nations the General Assembly by its resolution 53/100 authorized the Secretary-General "... to deposit, on behalf of the United Nations, an act of formal confirmation of the Vienna Convention on the Law of Treaties between States and International Organizations or between International Organizations, as provided for in article 83 of the Convention". In consequence, on 21 December 1998 the Secretary-General deposited on behalf of the United Nations an act of formal confirmation of the Convention.

6. The present Convention constitutes a further stage in the codification of the law of treaties. This is the third multilateral convention resulting from the sustained efforts to codify the law of treaties. It follows upon the 1969 Vienna Convention on the Law of Treaties dealing with treaties between States, and the 1978 Vienna Convention on the Succession of States in respect of Treaties. The Convention also took into account the work embodied in the 1975 Vienna Convention on the Representation of States in their Relations with International Organizations of a Universal Character.

7. The Convention consists of 86 articles and an annex on "Arbitration and Conciliation Procedures Established in Application of Article 66". The articles cover the following matters: Introduction (I), Conclusion and Entry into Force of Treaties (II), Observance, Application and Interpretation of Treaties (III), Amendment and Modification of Treaties (IV), Invalidity, Termination and Suspension of the Operation of Treaties (V), Miscellaneous Provisions (VI), Depositaries, Notifications, Corrections and Registration (VII) and Final Provisions (VIII).

8. The present Convention has an extremely close relationship with the 1969 Vienna Convention on the Law of Treaties. The substance of both conventions is the same although they are entirely independent legal instruments. In accordance with its Article 1 the Convention on the Law of Treaties applies to treaties between States and does therefore not cover international organizations.

II. CONTRIBUTION OF THE CONVENTION TO THE RULE OF LAW

9. The present Convention will contribute to strengthening the rule of international law as it will ensure a uniform application of the law on treaties between international organizations and States or between international organizations. In addition, the Convention will promote the acceptance and respect for the rules and principles of international law pertaining to international organizations.

10. UNIDO has concluded treaties such as the standard basic cooperation agreements with Member States, agreements concerning the establishment of UNIDO investment promotion offices and UNIDO offices and regional offices in Member States, relationship agreements with intergovernmental organizations, etc. These agreements will not be affected by the Convention as in accordance with its Article 4 the present Convention would have no retroactive effect.

11. It is suggested that the 1986 Convention offers a specific legal framework governing formal treaties between international organizations and between international organizations and states and would thus provide stability and predictability in the best interest of UNIDO treaty relations.

III. ACTION REQUIRED OF THE CONFERENCE

12. Article 8, paragraph 3 (d), of the UNIDO Constitution states:

"In addition to exercising other functions specified in this Constitution, the Conference shall:

...

"(d) Have the authority to adopt, by a two-thirds majority of the Members present and voting, conventions or agreements with respect to any matter within the competence of the Organization and to make recommendations to the Members concerning such conventions or agreements".

13. In the light of the information provided in the present document, the Conference may wish to consider adopting the following draft decision:

"The General Conference:

"(a) Takes note of the information provided in the note by the Director-General regarding the participation by UNIDO in the Vienna Convention on the Law of Treaties between States and International Organizations or between International Organizations of 21 March 1986 (GC.9/6);

"(b) Acknowledges that the General Assembly of the United Nations by its resolution 53/100 of 8 December 1998 encouraged international organizations that have signed the Convention to deposit an act of formal confirmation of the Convention, and other international organizations entitled to do so to accede to it at an early date;

"(c) Encourages the progressive development of international law and its codification as well as the acceptance of and respect for the principles of international law which were among the purposes of the United Nations Decade of International Law;

"(d) Decides to authorize the Director-General to deposit with the Secretary-General of the United Nations an instrument of accession of UNIDO to the 1986 Vienna Convention on the Law of Treaties between States and International Organizations or between International Organizations."

Distr.
GENERAL

GC.9/7
13 September 2001

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

GENERAL CONFERENCE

Ninth session
Vienna, 3-7 December 2001
Item 17 of the provisional agenda

MATTERS RELATED TO INTERGOVERNMENTAL, NON-GOVERNMENTAL, GOVERNMENTAL AND OTHER ORGANIZATIONS

Note by the Director-General

Provides information on events related to agreements with intergovernmental organizations and to consultative status of non-governmental organizations associated with the work of UNIDO since the eighth session of the General Conference.

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V.01-87068 (E)

Distr.: 3 October 2001

Introduction

1. In accordance with Article 19 of the Constitution, the General Conference, at its first session, issued guidelines according to which the Director-General, with the approval of the Industrial Development Board, may enter into agreements or establish appropriate relations with certain organizations (decision GC.1/Dec.41, annex). Paragraphs 4, 11 and 19 of the guidelines stipulate that the Director-General shall report to the Conference at each regular session on any agreements with intergovernmental or governmental organizations or other organizations of the United Nations system entered into by him on behalf of the Organization and on any consultative relations established since the preceding regular session. The present document complies with those stipulations, and provides information on related events that have taken place since the eighth session of the General Conference.

I. INTERGOVERNMENTAL ORGANIZATIONS

2. Since the issuance of document GC.8/20, no new requests for relationship agreements with intergovernmental organizations (IGOs) have been considered by the Board. Thus, the number of IGOs with which the Director-General has been authorized to negotiate such agreements remains at 51. A listing of the 51 IGOs is provided in annex I to the present document.

II. NON-GOVERNMENTAL ORGANIZATIONS

3. At its twenty-fourth session the Board, in decision IDB.24/Dec.12, decided to grant consultative status with UNIDO to four non-governmental organizations (NGOs), bringing to a total of 135 the number of NGOs in consultative status with UNIDO. A listing of those NGOs is provided in annex II.

Annex I

INTERGOVERNMENTAL ORGANIZATIONS WITH WHICH RELATIONSHIP AGREEMENTS HAVE BEEN AUTHORIZED

(as of 1 September 2001: 51 organizations)

Name of organization	Abbreviation/ acronym	Authority/ decision	Background information document
*African Development Bank	ADB	IDB.2/Dec.28	IDB.2/31
*African Intellectual Property Organization	OAPI	IDB.6/Dec.19	IDB.6/15
African Posts and Telecommunications Union	APTU	IDB.4/Dec.44	IDB.4/6
*African Regional Centre for Technology	ARCT	IDB.2/Dec.28	IDB.2/31
*African Regional Organization for Standardization	ARSO	IDB.2/Dec.28	IDB.2/31
*Agency for Cultural and Technical Cooperation	ACCT	IDB.2/Dec.28	IDB.2/31
Andean Parliament		IDB.2/Dec.28	IDB.2/31
*Arab Industrial Development and Mining Organization	AIDMO	IDB.2/Dec.28	IDB.2/31
*Arab League Educational, Cultural and Scientific Organization	ALECSO	IDB.2/Dec.28	IDB.2/31
*Arab Maghreb Union	AMU	IDB.17/Dec.7	IDB.17/21
*Arab Union for Cement and Building Materials	AUCBM	IDB.3/Dec.43	IDB.3/24
*Asian-African Legal Consultative Committee	AALCC	IDB.10/Dec.20	IDB.10/16/Add.1
*Asian and Pacific Coconut Community	APCC	IDB.2/Dec.28	IDB.2/31
*Black Sea Economic Cooperation	BSEC	IDB.15/Dec.10	IDB.15/8/Add.1
Caribbean Community	CARICOM	IDB.5/Dec.40	IDB.5/22
*Caribbean Development Bank	CDB	IDB.2/Dec.28	IDB.2/31
*Cartagena Agreement	JUNAC	IDB.2/Dec.28	IDB.2/31
*Central African Customs and Economic Union	CPCEU/UDEAC	IDB.2/Dec.28	IDB.2/31
*Central African States' Development Bank	CASDB/BDEAC	IDB.2/Dec.28	IDB.2/31
*Common Market for Eastern and Southern Africa	COMESA	IDB.4/Dec.44	IDB.4/6
*Cooperation Council for the Arab States of the Gulf	GCC	IDB.10/Dec.20	IDB.10/16
Council for Arab Economic Unity	CAEU	IDB.2/Dec.28	IDB.2/31
Development Bank of the Great Lakes States	BDEGL	IDB.10/Dec.20	IDB.10/16
European Bank for Reconstruction and Development	EBRD	IDB.21/Dec.14	IDB.21/25
*Economic Cooperation Organization	ECO	IDB.11/Dec.35	IDB.11/18
*European Union	EU	IDB.6/Dec.19	IDB.6/15
*Financial Fund for the Plata Basin Development	FONPLATA	IDB.8/Dec.39	IDB.8/44
*Fund for Solidarity and Economic Development of the West African Economic Community	FOSIDEC	IDB.6/Dec.19	IDB.6/15/Add.1
*Group of Latin American and Caribbean Sugar Exporting Countries	GEPLACEA	IDB.2/Dec.28	IDB.2/31
*Gulf Organization for Industrial Consulting	GOIC	IDB.2/Dec.28	IDB.2/31
*Intergovernmental Organization for Marketing Information and Cooperation Services for Fishery Products in Africa	INFOPECHE	IDB.15/Dec.10	IDB.15/8
*International Centre for Genetic Engineering and Biotechnology	ICGEB	IDB.15/Dec.10	IDB.15/8
*International Centre for Public Enterprises	ICPE	IDB.2/Dec.28	IDB.2/31
*International Center for Scientific and Technical Information	ICSTI	IDB.5/Dec.40	IDB.5/22
*International Institute of Refrigeration	IIR	IDB.15/Dec.10	IDB.15/8
International Jute Organization	IJO	IDB.4/Dec.44	IDB.4/6
*International Lead and Zinc Study Group	ILZSG	IDB.5/Dec.40	IDB.5/22
*International Organization for Migration	IOM	IDB.2/Dec.28	IDB.2/31
*International Pepper Community	IPC	IDB.8/Dec.39	IDB.8/44
International Tropical Timber Organization	ITTO	IDB.5/Dec.40	IDB.5/22
Islamic Centre for Development of Trade	ICDT	IDB.2/Dec.28	IDB.2/31
Islamic Development Bank	ISDB	IDB.2/Dec.28	IDB.2/31
*Islamic Educational, Scientific and Cultural Organization	ISESCO	IDB.11/Dec.35	IDB.11/18
Islamic Foundation for Science, Technology and Development	IFSTAD	IDB.8/Dec.39	IDB.8/44
*Latin American Integration Association	LAIA/ALADI	IDB.11/Dec.35	IDB.11/18
*League of Arab States	LAS	IDB.9/Dec.18	IDB.9/19
*Senegal River Development Organization	OMVS	IDB.2/Dec.28	IDB.2/31
*Organization of African Unity	OAU	IDB.2/Dec.28	IDB.2/31
*Organization of the Islamic Conference	OIC	IDB.2/Dec.28	IDB.2/31
*South Asia Cooperative Environment Programme	SACEP	IDB.2/Dec.28	IDB.2/31
*West African Development Bank	WADB	IDB.2/Dec.28	IDB.2/31

*Agreement concluded.

Annex II

INTERNATIONAL NON-GOVERNMENTAL ORGANIZATIONS HAVING CONSULTATIVE STATUS WITH UNIDO

(as of 1 September 2001: 135 organizations)

Name of organization	Abbreviation/ acronym	Authority/ decision	Background information document
African Technical Association	ATA	IDB.2/Dec.29	IDB.2/5
African Technology Development Link Inc.	Techlink	IDB.19/Dec.6	IDB.19/4
Afro-Asian Peoples' Solidarity Organizations	AAPSO	IDB.2/Dec.29	IDB.2/5
Agri-Energy Roundtable, Inc.	AER	IDB.2/Dec.29	IDB.2/5/Add.1
AISEC International		IDB.24/Dec.12	IDB.24/24
All-Russia Market Research Institute	VNIKI	IDB.21/Dec.13	IDB.21/28
Arab Federation for Food Industries	AFFI	IDB.2/Dec.29	IDB.2/5
Arab Federation of Chemical Fertilizers Producers	AFCFP	IDB.2/Dec.29	IDB.2/5
Arab Iron and Steel Union	AISU	IDB.2/Dec.29	IDB.2/5
Arab Sugar Federation	ASF	IDB.2/Dec.29	IDB.2/5/Add.1
Association of African Development Finance Institutions	AADFI	IDB.2/Dec.29	IDB.2/5/Add.1
Association "Compagnia delle Opere"	CDO	IDB.21/Dec.13	IDB.21/28
Association of Financial and Industrial Groups of Russia		IDB.19/Dec.6	IDB.19/4
Association of Former United Nations Industrial Development Experts	AFIDE	IDB.21/Dec.13	IDB.21/28
Association of Latin American Industrialists	AILA	IDB.2/Dec.29	IDB.2/5
Austrian Senior Experts Pool	ASEP	IDB.15/Dec.11	IDB.15/11
Austrian Society for Environment and Technology	OGUT	IDB.17/Dec.8	IDB.17/12
Austro-Arab Chamber of Commerce		IDB.24/Dec.12	IDB.24/24
Austro-Egyptian Chamber of Commerce		IDB.4/Dec.45	IDB.4/17
Cairo Regional Centre for International Commercial Arbitration	CRCICA	IDB.21/Dec.13	IDB.21/28
Centre d'Etude de l'Azote	CEA	IDB.2/Dec.29	IDB.2/5
Club of Dakar		IDB.2/Dec.29	IDB.2/5
Collaborative International Pesticides Analytical Council Limited	CIPAC	IDB.4/Dec.45	IDB.4/17
Deula-Nienburg (German Academy for Agriculture and Technology)		IDB.19/Dec.6	IDB.19/4/Add.1
Environmental Development Action in the Third World	ENDA	IDB.15/Dec.11	IDB.15/11/Add.1
European Federation of Management Consultants' Associations	FEACO	IDB.2/Dec.29	IDB.2/5
European Federation of National Engineering Associations	FEANI	IDB.2/Dec.29	IDB.2/5
European Federation of National Maintenance Societies	EFNMS	IDB.2/Dec.29	IDB.2/5/Add.1
European Fertilizer Manufacturers' Association	EFMA	IDB.5/Dec.41	IDB.5/23
European Organization for Quality	EOQ	IDB.2/Dec.29	IDB.2/5/Add.1
European Regional Industrial Development Organization	ERIDO	IDB.14/Dec.24	IDB.14/23
European Union of Public Relations	EUPR	IDB.14/Dec.24	IDB.14/23
Federation of African Consultants	FECA	IDB.2/Dec.29	IDB.2/5/Add.1
Forum Francophone des Affaires	FFA	IDB.14/Dec.24	IDB.14/23
Institute of Higher Management	ISG	IDB.8/Dec.40	IDB.8/14
International Academy of Architecture	IAA	IDB.8/Dec.40	IDB.8/14
International Academy of Engineering	IAE	IDB.11/Dec.36	IDB.11/16
International Academy of Technological Sciences		IDB.10/Dec.21	IDB.10/13
International Alliance of Women	IAW	IDB.8/Dec.40	IDB.8/14
International Association for Cereal Science and Technology	ICC	IDB.2/Dec.29	IDB.2/5
International Association for Continuing Engineering Education	IACEE	IDB.19/Dec.6	IDB.19/4
International Association for Hydraulic Research	IAHR	IDB.6/Dec.20	IDB.6/4
International Association for the Exchange of Students for Technical Experience	IAESTE	IDB.2/Dec.29	IDB.2/5/Add.1
International Association for the Protection of Industrial Property	AIPPI	IDB.2/Dec.29	IDB.2/5/Add.1
International Association of Crafts and Small- and Medium-sized Enterprises	IACME	IDB.2/Dec.29	IDB.2/5
International Association of Islamic Banks	IAIB	IDB.2/Dec.29	IDB.2/5
International Association of Trading Organizations for a Developing World	ASTRO	IDB.4/Dec.45	IDB.4/17
International Association ZNANIE		IDB.24/Dec.12	IDB.24/24
International Centre for Earth Construction	CRATerre	IDB.6/Dec.20	IDB.6/4
International Centre for the Training of Bank Professionals	CIFPB	IDB.6/Dec.20	IDB.6/4
International Centre on Small Hydro Power		IDB.19/Dec.6	IDB.19/4
International Chamber of Commerce	ICC	IDB.2/Dec.29	IDB.2/5
International Committee for Plastics in Agriculture	CIPA	IDB.2/Dec.29	IDB.2/5
International Confederation of Free Trade Unions	ICFTU	IDB.2/Dec.29	IDB.2/5

Name of organization	Abbreviation/ acronym	Authority/ decision	Background information document
International Congress of Industrialists and Entrepreneurs	ICIE	IDB.21/Dec.13	IDB.21/28
International Cooperative Alliance	ICA	IDB.2/Dec.29	IDB.2/5
International Council for Building Research, Studies and Documentation	CIB	IDB.2/Dec.29	IDB.2/5
International Council of Graphic Design Associations	ICOGRADA	IDB.8/Dec.40	IDB.8/14
International Council of Societies of Industrial Design	ICSID	IDB.2/Dec.29	IDB.2/5
International Council of Women	ICW	IDB.2/Dec.29	IDB.2/5
International Electrotechnical Commission	IEC	IDB.2/Dec.29	IDB.2/5
International Energy Foundation	IEF	IDB.24/Dec.12	IDB.24/24/Add.1
International Federation for Heat Treatment and Surface Engineering	IFHT	IDB.8/Dec.40	IDB.8/14
International Federation for Information Processing	IFIP	IDB.14/Dec.24	IDB.14/23
International Federation for Medical and Biological Engineering	IFMBE	IDB.2/Dec.29	IDB.2/5
International Federation of Agricultural Producers	IFAP	IDB.2/Dec.29	IDB.2/5
International Federation of Automatic Control	IFAC	IDB.2/Dec.29	IDB.2/5/Add.1
International Federation of Business and Professional Women	IFBPW	IDB.4/Dec.45	IDB.4/17
International Federation of Consulting Engineers	FIDIC	IDB.2/Dec.29	IDB.2/5/Add.1
International Federation of Pharmaceutical Manufacturers Associations	IFPMA	IDB.2/Dec.29	IDB.2/5
International Fertilizer Industry Association	IFA	IDB.2/Dec.29	IDB.2/5
International Forum		IDB.2/Dec.29	IDB.2/5
International Foundation for the Promotion of Privatization and Foreign Investments	FPI	IDB.11/Dec.36	IDB.11/6
International Institute of Applied Technologies	IIAT	IDB.14/Dec.24	IDB.14/23
International Institute of Welding	IIW	IDB.2/Dec.29	IDB.2/5/Add.1
International Measurement Confederation	IMECO	IDB.2/Dec.29	IDB.2/5
International Multiracial Shared Cultural Organization	IMSCO	IDB.17/Dec.8	IDB.17/12
International Network for Environmental Management	INEM	IDB.15/Dec.11	IDB.15/11
International Network of Subcontracting, Industrial Cooperation and Partnership Organizations	RIOST	IDB.19/Dec.6	IDB.19/4
International Organization for Standardization	ISO	IDB.2/Dec.29	IDB.2/5
International Organization of Consumers Unions	IOCU	IDB.2/Dec.29	IDB.2/5
International Organization of Employers	IOE	IDB.2/Dec.29	IDB.2/5
International Organization of Experts	ORDINEX	IDB.2/Dec.29	IDB.2/5/Add.1
International Professors' Association	IPA	IDB.10/Dec.21	IDB.10/13
International Society for Engineering Education	IGIP	IDB.2/Dec.29	IDB.2/5
International Statistical Institute	ISI	IDB.10/Dec.21	IDB.10/13
International Technology Information Center	INTERTEC	IDB.15/Dec.11	IDB.15/11
International Union for Cooperation towards Development	UNICOS	IDB.8/Dec.40	IDB.8/14
International Union of Architects	UIA	IDB.2/Dec.29	IDB.2/5
International Union of Food Science and Technology	IUFoST	IDB.2/Dec.29	IDB.2/5/Add.1
International Union of Leather Technologists and Chemists Societies	IULTCS	IDB.2/Dec.29	IDB.2/5
International Union of Technical Associations and Organizations	UATI	IDB.2/Dec.19	IDB.2/5
International Union of Testing and Research Laboratories for Materials and Structures	RILEM	IDB.2/Dec.29	IDB.2/5/Add.1
Islamic Chamber of Commerce and Industry	ICCI	IDB.2/Dec.29	IDB.2/5
Jeunes Entreprises/Junior Achievement Afrique		IDB.14/Dec.24	IDB.14/23
Latin American Association of Development Financing Institutions	ALIDE	IDB.2/Dec.29	IDB.2/5
Latin American Association of Food Processors	ALICA	IDB.2/Dec.29	IDB.2/5
Latin American Association of Pharmaceutical Industries	ALIFAR	IDB.2/Dec.29	IDB.2/5
Latin American Iron and Steel Institute	ILAFA	IDB.2/Dec.29	IDB.2/5
Latin American Plastics Institute	ILAP	IDB.2/Dec.29	IDB.2/5/Add.1
Licensing Executives Society	LES	IDB.2/Dec.29	IDB.2/5/Add.1
Moscow International Energy Club	MIEC	IDB.6/Dec.20	IDB.6/4
Mountain Unlimited (Society for Development and International Cooperation)		IDB.21/Dec.13	IDB.21/28/Add.1
Mutual Assistance of the Latin American Government Oil Companies	ARPEL	IDB.2/Dec.29	IDB.2/5
NIMTECH		IDB.15/Dec.11	IDB.17/11
Organization of Islamic Capitals and Cities	OICC	IDB.11/Dec.36	IDB.11/16
Pan African Union of Science and Technology	PUST	IDB.10/Dec.21	IDB.10/13
Pan American Standards Commission	COPANT	IDB.2/Dec.29	IDB.2/5
"Pio Manzu" International Research Centre		IDB.2/Dec.29	IDB.2/5
Society for International Development	SID	IDB.2/Dec.29	IDB.2/5
Society of Chemical Industry	SCI	IDB.2/Dec.29	IDB.2/5

Name of organization	Abbreviation/ acronym	Authority/ decision	Background information document
Soroptimist International	SI	IDB.14/Dec.24	IDB.14/23
Support Centre for Food Development	SCFD	IDB.14/Dec.24	IDB.14/23
Third World Foundation for Social and Economic Studies		IDB.2/Dec.29	IDB.2/5
Transfrigoroute International	TI	IDB.5/Dec.41	IDB.5/23
Union of Industrial and Employers' Confederations of Europe	UNICE	IDB.2/Dec.29	IDB.2/5
Union of International Fairs	UFI	IDB.2/Dec.29	IDB.2/5
Union of Producers, Conveyors and Distributors of Electrical Power in Africa	UPDEA	IDB.2/Dec.29	IDB.2/5
Unterstutzungsverein für Gewerbliche Betriebsgrundungen in Albanien	UGEBIA	IDB.21/Dec.13	IDB.21/28/Add.1
Volunteers Association for International Service	AVSI	IDB.21/Dec.13	IDB.21/28
Women's International Democratic Federation	WIDF	IDB.4/Dec.45	IDB.4/17
World Association for Small and Medium Enterprises	WASME	IDB.2/Dec.29	IDB.2/5
World Association for Element-building and Prefabrication	WAEP	IDB.2/Dec.29	IDB.2/5/Add.1
World Association of Industrial and Technological Research Organizations	WAITRO	IDB.2/Dec.29	IDB.2/5
World Coal Institute	WCI	IDB.8/Dec.40	IDB.8/14
World Confederation of Labour	WCL	IDB.2/Dec.29	IDB.2/5
World Council of Management	CIOS	IDB.5/Dec.41	IDB.5/23
World Export Processing Zones Association	WEPZA	IDB.2/Dec.29	IDB.2/5
World Federation of Development Financing Institutions	WFDFI	IDB.2/Dec.29	IDB.2/5
World Federation of Engineering Organizations	WFEO	IDB.2/Dec.29	IDB.2/5
World Federation of Trade Unions	WFTU	IDB.2/Dec.29	IDB.2/5
World LPG Association	WLPGA	IDB.19/Dec.6	IDB.19/4
World Organization of Building Officials	WOBO	IDB.5/Dec.41	IDB.5/23
World Packaging Organization	WPO	IDB.8/Dec.40	IDB.8/14
World Savings Bank Institute*	WSBI	IDB.2/Dec.29	IDB.2/5/Add.1

*Formerly the International Savings Bank Institute.

Distr.
GENERAL

GC.9/8
18 September 2001

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

GENERAL CONFERENCE

Ninth session
Vienna, 3-7 December 2001
Item 13 of the provisional agenda

THE REGIONAL DIMENSION

Europe and NIS

Report by the Director-General

Supplements and updates information on Europe and NIS provided in the *Annual Report 2000*, chapter IV.D, concerning the implementation of General Conference resolution GC.8/Res.6.

1. In implementing resolution GC.8/Res.6, UNIDO paid particular attention to the request of the General Conference to recognize "the specific needs and priorities in the region of Europe and NIS in the field of industrial development", as well as to the importance that the Conference placed on "regional priorities". In this respect, the Organization made a major effort in the region to follow up its work in the first year of the biennium and to continue to search for new forms of regional cooperation.

2. Thus, UNIDO convened jointly with the Government of Hungary a Regional Conference on Technology Foresight, in April 2001, where representatives from 143 countries—from countries of Europe and NIS and other regions, international organizations, transnational companies and national private sector enterprises—worked to build awareness on the role of technology foresight in designing strategies for the countries of the region on future technological development. The conference was followed by an expert group meeting on technology foresight in June 2001, and by a training seminar, organized jointly with the Budapest University of Economic Sciences and Public Administration.

3. Just as these global forum activities relating to technology foresight were a follow-up to a UNIDO initiative launched during bilateral meetings of the Director-General with highest-level officials in countries of the region and at the earlier Regional Forum on Industrial Cooperation and Partnership, so is the Regional Forum on e-Productivity and Quality to be held in Warsaw in November 2001. The Forum will address how to increase productivity and quality in the region and how industries in the region could benefit from the Internet revolution and the e-economy. It will include a high-level segment with keynote perspectives as well as an expert group meeting on e-productivity and quality.

4. Parallel to these global forum activities, UNIDO continued to pursue regionally-focused technical cooperation activities. These included activities to foster the development of SMEs in the Central Asian republics, in cooperation with the Government of Turkey. Work was also initiated on designing measures to strengthen cooperation with the Organization of Black Sea Economic Cooperation (BSEC), in tripartite cooperation with OECD, through launching efforts to establish an investment and technology promotion

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V.01-87163 (E)

Distr.: 3 October 2001

network in the region, as well as to strengthen cooperation in SME development in BSEC countries.

5. In the environmental area, UNIDO launched enabling activities related to persistent organic pollutants in several countries of the region, and initiated preparations for work in others. Additional co-financing was obtained to allow further development of efforts to work with five countries to transfer environmentally sustainable technology to the Danube River Basin. Also in the Danube area, implementation began on an environmental management and pollution control project focusing on the Tisza River Basin. Preparatory activities were also launched in the area of bioremediation, in preparation for a regional initiative to be launched in 2002.

6. In parallel, UNIDO continued to develop and support the implementation of technical cooperation programmes and projects at the national level and to promote cooperation among the countries of the region. Work continued under the eight ongoing integrated programmes, including those for specific regions of the Russian Federation. Emphasis was placed in all the projects on joint efforts of the recipient country and UNIDO vis-à-vis potential funding partners.

7. Within the framework of the integrated programme for the Russian Federation, UNIDO organized, for the republics of Bashkortostan and Komi, a mission of large Japanese trading and manufacturing companies and banks to promote partnerships with companies in Komi and Bashkortostan. In the context of the subprogramme for the Moscow Oblast, an ambitious new UNIDO initiative was the Dmitrov Food Park. This concept aimed at introducing modern and efficient technological processes, together with modern management and quality control techniques, in the framework of public and private partnerships, with the overall objective of enabling the sustainable production of a wide range of food products, meeting international quality assurance and food safety standards. Once established, the food park is seen as a model that could be reproduced elsewhere in the region.

8. In the area of "stand-alone" projects, phase II of an ODS phase-out project was completed, and plans advanced for capacity-building in cleaner production in Ukraine (both with funding from the Czech Ministry of the Environment). Also in Ukraine, work commenced with funding from Hungary on strengthening food-processing institutions and enterprises. Phase II of a programme on food safety and quality (HACCP and ISO 9000), co-financed by Hungary, was started in Romania.

9. The General Conference also called for appropriate measures to assist the Balkan subregion in rehabilitation and development of its industrial structure with others involved in the coordination effort. Post-crisis reconstruction and rehabilitation were among the specific features considered under stand-alone activities. Discussions continued with a major traditional donor concerning a regional programme in support of civil society organizations and SME development in the Balkan subregion, and discussions with authorities of Yugoslavia focused on possible cooperation for the establishment of an investment promotion agency for donor financing. Extensive work continued throughout the subregion in the area of ODS reduction under the Montreal Protocol, with new projects launched in several Balkan countries.

10. Efforts continued to intensify the dialogue with potential donors to facilitate UNIDO's work in the region. Examples cited above reflect the success that was achieved in obtaining funding and co-financing from both traditional and emerging donors both for UNIDO global forum and technical cooperation activities in the region. In addition to the activities mentioned above, Slovakia, Poland and the Russian Federation continued to fund investment and technology promotion offices in Bratislava, Warsaw and Moscow, respectively. Turkey also continued its financial support for the UNIDO Centre for Regional Industrial Cooperation in Ankara.

11. Success was also achieved in initiating work to establish business advisory centres in Kazakhstan, financed completely from the international private sector. Funds were mobilized by the Investment and Technology Promotion Office in Tokyo to carry out pre-investment activities on industrial waste processing and energy generation in Bulgaria. Initiatives were launched to initiate cooperative efforts with foundations and local authorities, and to obtain funding for UNIDO activities from sources in non-Member States.

ACTION REQUIRED OF THE CONFERENCE

12. The Conference may wish to take note of the information provided in the present document.

Abbreviations

BSEC	Black Sea Economic Cooperation
HACCP	hazard analysis and critical control points
ISO	International Organization for Standardization
NIS	Newly Independent States
ODS	ozone-depleting substance
OECD	Organisation for Economic Cooperation and Development
SME	small and medium enterprise

Distr.
GENERAL

GC.9/9
16 November 2001

ORIGINAL: ENGLISH

United Nations Industrial Development Organization

GENERAL CONFERENCE

Ninth session
Vienna, 3-7 December 2001
Item 10 (b) of the provisional agenda

FINANCIAL SITUATION OF UNIDO

Proposed payment plan for Ukraine

Report by the Director-General

Reports on developments since the adoption of Board decision IDB.24/Dec.3.

Introduction

1. At its twenty-fourth session, the Board considered the request of Ukraine to pay its arrears in instalments, as set out in document IDB.24/25. In its decision IDB.24/Dec.3, the Board requested the Director-General to negotiate an agreement with Ukraine for a payment plan and to submit the plan for decision to the ninth session of the General Conference. The present document is presented in compliance with that decision.

2. Pursuant to Board decision IDB.24/Dec.3, discussions were held with Ukraine with a view to negotiating a draft payment plan. The objective was to take into account the provisions of IDB.24/Dec.3, while minimizing the number of years during which instalments would be paid. Moreover, information was solicited from other organizations in the United Nations system with respect to both payment plans and to the restoration of voting rights in governing bodies.

I. STATUS OF ARREARS AND PAYMENTS MADE

3. Table 1 shows the status of outstanding contributions as at 31 October 2001. As shown in table 2, Ukraine has paid over $8.7 million since 1986.

II. DRAFT PAYMENT PLAN

4. In a letter dated 16 November 2001, the Permanent Representative of Ukraine to UNIDO informed the Director-General of the decision of Ukraine to reduce the duration of the proposed payment plan to 10 years, and that the draft agreement was under consideration by the Government. Annex I to the present document contains that letter, while the draft payment plan is shown in annex II. The Conference will be notified in an addendum to the present document of further developments.

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V.01-88489 (E)

Table 1
Status of outstanding contributions of Ukraine
(As at 31 October 2001)

Year	Scale of assessments	Amounts	
		US$	ATS
2001	0.2810	33,697	1,974,233
2000	0.2810	33,697	1,974,233
1999	1.5400	968,131	--
1998	1.5400	968,131	--
1997	1.5200	1,300,546	--
1996	1.5844	1,355,647	--
1995	1.9600	2,283,441	--
1994	1.9600	1,448,776	--
	TOTAL	8,392,066	3,948,466 or €286,946

Table 2
Payments made by Ukraine
(In US dollars, at rate of exchange applicable at time of payment)

Date	Amount	Date	Amount
1998-08-19	200,000	1989-11-27	91,629
1995-12-04	400,000	1989-11-24	363,386
1995-11-28	500,000	1989-06-27	104,125
1995-11-10	500,000	1989-06-26	332,460
1995-05-05	200,000	1989-06-21	12,495
1995-02-22	1,500,000	1988-12-01	59,998
1993-10-22	230,000	1988-11-30	376,158
1993-08-18	58,851	1988-07-14	31,910
1993-06-15	58,851	1988-06-30	42,941
1991-04-30	72,450	1988-06-30	104,442
1991-04-22	2,111	1988-06-23	391,832
1991-04-17	457,839	1988-06-20	12,533
1990-10-16	157,631	1987-11-13	314,903
1990-07-18	65,620	1987-11-29	395,944
1990-07-18	317,895	1987-06-22	42,941
1990-04-27	74,569	1987-02-23	42,941
1990-04-27	454,271	1986-09-30	748,947
1990-04-20	8,949	TOTAL	8,728,622

III. VOTING RIGHTS

5. Article 5.2 of the UNIDO Constitution stipulates that any Member in arrears in the payment of its financial contributions to the Organization shall have no vote in the Organization if the amount of its arrears equals or exceeds the amount of the assessed contributions due from it for the preceding two fiscal years. Any organ may, nevertheless, permit such a member to vote in that organ if it is satisfied that the failure to pay is due to conditions beyond the control of the member. Voting rights are governed by the respective rules of procedure of the governing bodies (rule 91 of the General Conference, rule 50 of the Industrial Development Board and rule 42 of the Programme and Budget Committee).

6. In its report to the Board, the open-ended discussion group on timely payment of assessed contributions stated: "When considering applications for

the restoration of voting rights, the competent body should regularly take into account the state of payments made under an agreed payment plan" (IDB.19/12 and Corr.1, para. 14).

7. As stated in the letter to the Director-General (annex I), the Government of Ukraine intends to address the issue of restoration of its right to vote.

IV. OTHER ORGANIZATIONS

Duration of payment plans

8. Table 3 shows information on the duration of payment plans in other organizations.

Table 3
Duration of payment plans

Organization	No. of years
Food and Agricultural Organization of the United Nations(FAO)	10
International Civil Aviation Organization (ICAO)	10-15
International Atomic Energy Agency (IAEA)	5
International Labour Organization (ILO)	20
International Maritime Organization (IMO)	10
International Telecommunication Union (ITU)	10
United Nations	no provision
United Nations Educational, Scientific and Cultural Organization (UNESCO)	10
Universal Postal Union (UPU)	10
World Health Organization (WHO)	10
World Intellectual Property Organization (WIPO)	10

(*Source*: Administrative Committee on Co-ordination, High Level Committee on Management,"Cash management, voting rights" (ACC/2001/HLCM/2(Rev)), 5 April 2001).

9. Almost all organizations permit the restoration of voting rights if the governing bodies are satisfied that failure to pay was beyond the control of a member. The following information on voting rights was obtained also from document ACC/2001/HLCM/2(Rev):

- **ICAO**: Member States that are more than three years in arrears have their voting power suspended unless they have concluded an agreement to provide for payment of the balance of the arrears. Suspension takes place also if the contracting State thereafter fails to comply with the terms of the agreement.

- **ILO**: Any decision permitting a member to vote is valid as long as the member concerned pays both its current contribution and the instalments on its arrears. A member loses the right to vote if it does not respect the arrangement.

- **UNESCO**: After the General Conference has approved the payment plan, any decision by the Conference permitting the Member State to vote shall be valid as long as the Member concerned pays its annual instalment by the scheduled dates.

- **WHO**: The organization has adopted individual resolutions for several Members in which it decided not to suspend voting privileges owing to the acceptance of a proposal that the outstanding contributions will be settled by instalment.

- **WIPO**: As long as a country enters into arrangements for instalment payment of arrears and as long as it adheres to them, the bodies in which that country loses its voting rights should favourably consider a request to restore the voting rights.

Status of payment of contributions to other organizations

10. Document ACC/2001/HLCM/2(Rev) shows that Ukraine did not have voting rights in the following organizations as of 31 December 2000: IAEA, ITU, UNIDO and WHO. Since that time, Ukraine has regained voting rights with the International Atomic Energy Agency.

11. UNIDO has been informed that Ukraine has signed payment plans with ILO (in 2000, duration 14 years) and UNESCO (in 1999, duration six years). In both organizations, voting rights at the General Conference were restored immediately. In ILO, the period of validity of a decision to permit a member in arrears to vote is covered under Article 32 of the Standing Orders of the International Labour Conference, which stipulates, inter alia, that a member that continues to meet its obligations under a payment plan as well as obligations for the current year shall continue to have voting rights.

V. ACTION REQUIRED OF THE CONFERENCE

12. Upon receipt from Ukraine of its agreement to the draft payment plan, the Conference will have to take a decision on the payment plan, in accordance with the recommendation of the Board (IDB.24/Dec.3), as well as on the question of voting rights.

Annex I

LETTER FROM THE PERMANENT MISSION OF UKRAINE

**Permanent Mission of
Ukraine to the International
Organizations in Vienna**

N 3331/21-194/029/1-2495

16 November 2001

Excellency,

I have the honour to refer to Industrial Development Board decision IDB.24/Dec.3 as well as to Mr. N. Mohanty's letter dated 23 August 2001 regarding the settlement of arrears to the United Nations Industrial Development Organization (UNIDO) through a payment plan.

As you are aware, Ukraine had proposed to settle its arrears through a payment plan agreement with a duration of 15 years, as reported to the Industrial Development Board. Subsequently, the Board adopted decision IDB.24/Dec.3, in which it requested the Director-General to negotiate an agreement with Ukraine for a payment plan, bearing in mind the capacity of Ukraine to settle its arrears, as contained in document IDB.24/25, and to submit the plan for decision to the ninth session of the General Conference. It further noted that the payment plan, which was subject to the timely payment of arrears, should be as close as possible to a five-year period but not exceed a term of 15 years.

Despite the severe economic difficulties faced by Ukraine it was decided, after negotiating with the UNIDO Secretariat, to reduce the duration of the proposed payment plan from 15 to 10 years. The draft agreement, based on a ten-year payment plan, is now being considered by the Government of Ukraine. It is our intention to submit it to the ninth session of the UNIDO General Conference immediately after the decision on this matter is taken by the Government of Ukraine.

At the same time, taking into account the fact that the arrears accumulated by Ukraine emerged due to reasons beyond its control, and wishing to restore the full-fledged participation in the UNIDO work, the Government of Ukraine intends also to address by the General Conference to restore its right to vote, commencing with the ninth session. In this way, Ukraine can play an active role in the decision-making process of the governing body

After entering the agreement into force, the necessary payments will be made by the Government of Ukraine in conformity with the proposed payment plan. It is also our understanding that should, for any reason, the instalments not be paid in accordance with the terms of the payment plan, voting rights will be suspended.

Please accept, Excellency, the assurances of my highest consideration.

[*Signed*]

Volodymyr Ohrysko
Permanent Representative, Ambassador

H. E. Mr. Carlos Magariños
Director-General
United Nations Industrial Development Organization

Annex II

**DRAFT AGREEMENT BETWEEN
THE UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION AND THE
GOVERNMENT OF UKRAINE
CONTRIBUTIONS UNDER A PAYMENT PLAN**

1. The United Nations Industrial Development Organization (hereinafter "UNIDO") and the Government of Ukraine (hereinafter "the Government") have agreed to a payment plan which will enable the Government to settle its arrears of outstanding assessed contributions in accordance with decision GC.9/Dec... adopted on ... December 2001 by the General Conference.

2. The total outstanding assessed contributions owed by the Government to UNIDO, at the date of this Agreement, amounts to United States dollars 8,392,066 and Austrian schillings 3,948,466 (€286,946). These amounts relate to the period 1994 to 2001 and are shown in the attached annex A and made an integral part hereof.

3. The Government undertakes to pay the above amounts (USD 8,392,066 and ATS 3,948,466 or €286,946) as well as future years' assessed contributions (2002 onwards), in instalments over a period of ten years from the date of this Agreement. These amounts are to be transferred to the following UNIDO bank accounts:

(a) Dollar portion: UNIDO/IDF account No: 949-2-416442, JPMorgan Chase Bank, International Agencies Banking, 1166 Avenue of the Americas, 17th Floor, New York, N.Y. 10036-2708, USA
or UNIDO general account No: 0127-00662, Creditanstalt AG, Schottengasse 6, A-1010 Vienna, Austria

(b) Austrian schilling/euro: UNIDO shilling account No: 29-05107, Creditanstalt AG, Schottengasse 6, A-1010 Vienna, Austria

4. The Government undertakes to discharge its payment obligations in accordance with the following schedule of payments, and also undertakes to pay its future assessed contributions in full and on time in accordance with the UNIDO financial regulations:

Payment date	Arrears *	Current year's contributions (euros)	Total
Within two months upon approval by GC of this Agreement	US$602,062 €286,946	**	US$602,062 and €286,946
By 31 October 2002	865,556	**	
By 31 October 2003	865,556	**	
By 31 October 2004	865,556	**	
By 31 October 2005	865,556	**	
By 31 October 2006	865,556	**	
By 31 October 2007	865,556	**	
By 31 October 2009	865,556	**	
By 31 October 2010	865,556	**	
By 31 October 2011	865,556	**	
Total	**$8,392,066 € 286,946**		

* In accordance with decision GC.9/Dec..., all arrears will be converted to euros by applying the fixed rate of ATS 13.7603 = €1 and US$..... at the United Nations rate of exchange as at 31 December 2001.

** Contributions to be determined by the General Conference approval of the scale of assessments and the programme and budgets.

5. In the case of failure by the Government to meet the agreed payment plan, Article 5.2 of the Constitution of UNIDO and financial regulation 5.5(c) shall apply. A delay of more than three months in the payment of each individual instalment due shall be considered as non-compliance with this Agreement.

6. All communications required under this Agreement shall be in writing and addressed as follows:

For the Government:

For UNIDO: Director and Treasurer, Financial Services, Financial Performance Control Branch, Field Operations and Administration Division
P.O. Box 300
A-1400 Vienna, Austria

7. This Agreement shall enter into force upon signature by the Parties.

The undersigned, being duly authorized thereto, have signed the present Agreement in three copies in English.

For the Government of Ukraine:

Name: _____

Functional title:

At:

On this .....day of .....2001.

For the United Nations Industrial Development Organization

Name: _____

Functional Title:

At:

On this .....day of.....2001.

Annex A

United Nations Industrial Development Organization

Member State Contributions

	US dollars	Austrian schillings
Net UNIDO regular budget requirements for each year of the 2000-2001 biennium in accordance with General Conference decision GC.8/Dec.17	23,983,400	1,405,147,980
Total assessment for 2001	11,991,700	702,573,990
Level of Working Capital Fund in accordance with General Conference decision GC.8/Dec.14	6,610,000	

UKRAINE

Rate of assessment applicable in accordance with General Conference decision GC.8/Dec.13 0.2810%

	Outstanding year(s)	US$	ATS
Regular budget contribution for	**2001**	**33,697**	**1,974,233**
UNPAID PRIOR YEARS			
	1994	1,450,453	0
	1995	2,283,441	0
	1996	1,355,647	0
	1997	1,300,546	0
	1998	968,131	0
	1999	968,131	0
	2000	33,697	1,974,233
Adjustments*		-1,677	0
Total outstanding**		**8,392,066**	**3,948,466**

* Adjustments in accordance with financial regulation 5.2(d) and overpayments, if applicable.

** In accordance with decision GC.9/Dec. . , all outstanding contributions will be converted to euros by applying the fixed rate of ATS 13.7603 = €1 and US$. . . at the United Nations rate of exchange as at 31 December 2001

Distr.
GENERAL

GC.9/9/Add.1
30 November 2001

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

GENERAL CONFERENCE

Ninth session
Vienna, 3-7 December 2001
Item 10 (b) of the provisional agenda

FINANCIAL SITUATION OF UNIDO

Proposed payment plan for Ukraine

Addendum

Report by the Director-General

1. Subsequent to the issuance of document GC.9/9, a letter dated 28 November 2001 to the President of the General Conference was received from the Minister for Foreign Affairs of Ukraine. The letter, which is reproduced in annex I to the present document, informs the President of the endorsement of the Government of the draft agreement being submitted to the General Conference for its final approval.

2. Corrections to the draft agreement contained in document GC.9/9 are shown in annex II to the present document.

For reasons of economy, this document has been printed in a limited number. Delegates are kindly requested to bring their copies of documents to meetings.

V.01-89138 (E)

Distr.: 3 December 2001

Annex I

LETTER FROM MINISTER OF FOREIGN AFFAIRS, UKRAINE

MINISTER

FOR FOREIGN AFFAIRS OF UKRAINE

323/28-2247 "28" November 2001

Excellency,

I have the honour to inform you that the Government of Ukraine would like to restore Ukraine's right to vote in the United Nations Industrial Development Organization (UNIDO) and to settle the problem of its arrears to the UNIDO budget.

The Government of Ukraine is in arrears in the payment of its financial contributions in an amount that exceeds the assessed contributions due from it for the preceding two fiscal years, resulting in the suspension of Ukraine's right to vote. The substantial arrears accumulated by Ukraine are the result of the outdated system of apportionment of the expenditures in the organizations of the UN system, which over many years was unable to adequately take into account the Member States' capacity to pay, as well as timely reflect the changes in their economic and financial potential. In addition, Ukraine has faced economic difficulties associated with its transition to the market economy and the need to allocate the substantial budget resources for resolving the Chernobyl-related problems. Thus, the Government of Ukraine believes that the failure to pay its assessed contributions has emerged due to conditions beyond its control.

In view of this, the Government of Ukraine hopes that, with the support of the Member States, the 9th session of the UNIDO General Conference will take a positive decision on the issue of restoring Ukraine's right to vote, based on the provisions of Article 5 of the UNIDO Constitution.

Being committed to the objectives of the UNIDO activities and wishing to continue fruitful co-operation with this Organization, the Government of Ukraine would like to settle its arrears to the UNIDO budget.

Following the consideration of this issue at the 24th session of the Industrial Development Board, my Government has held consultations with the UNIDO Secretariat which resulted in drafting an agreement between the Government of Ukraine and UNIDO on restructuring the debt for the period of 10 years. The Government of Ukraine has endorsed the draft agreement which is being submitted to the General Conference for its final approval. Under the payment plan, envisaged by the Agreement, Ukraine will pay its debt over a ten-year period, in addition to the current year's assessed contributions. As it is stipulated by the Agreement, the first instalment will be paid within two months of the approval by the General Conference of the proposed payment plan.

His Excellency
Mr. Shaukat Umer
President of the UNIDO General Conference
Vienna

Therefore, the Government of Ukraine is ready to settle its arrears, which have emerged due to the conditions beyond its control. In view of this, I would like to ask the General Conference to take a positive decision on Ukraine's request on restructuring its debt and restoring its right to vote, commencing with the 9th session of the General Conference.

I should be grateful if this letter could be made available to the Member States of the Organization.

Please, accept, Excellency, the assurances of my highest consideration.

[*Signed*]

Anatoliy Zlenko

Annex II

CORRECTIONS TO DRAFT AGREEMENT (GC.9/9, annex II)

The table in paragraph 4 should be replaced as follows:

Payment date	Arrears*	Current year's contributions (euros)	Total
Within two months upon approval by GC of this Agreement	US$ 602,062 €286,946	**	US$ 602,062 and €286,946
By 31 October 2002	865,556	**	
By 31 October 2003	865,556	**	
By 31 October 2004	865,556	**	
By 31 October 2005	865,556	**	
By 31 October 2006	865,556	**	
By 31 October 2007	865,556	**	
By 31 October 2008	865,556	**	
By 31 October 2009	865,556	**	
By 31 October 2010	865,556	**	
Total	**$8,392,066 €286,946**		

* In accordance with decision GC.9/Dec..., all arrears will be converted to euros by applying the fixed rate of ATS 13.7603 = €1 and US$ ... at the United Nations rate of exchange as at 31 December 2001.

** Contributions to be determined by the General Conference approval of the scale of assessments and the programme and budgets.

Paragraph 5 should read:

"A delay of more than three months by the Government in the payment of each individual instalment due shall be considered as non-compliance with this Agreement and shall be reported to the governing bodies."

Distr.
GENERAL

GC.9/10
22 October 2001

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

GENERAL CONFERENCE

Ninth session
Vienna, 3-7 December 2001
Item 10 (b) of the provisional agenda

FINANCIAL SITUATION OF UNIDO

Report by the Director-General

Provides information on the financial situation of UNIDO, including arrears and the amounts due for distribution, as at 30 September 2001, as well as on significant financial developments that have affected the Organization during the biennium.

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For reasons of economy, this document has been printed in a limited number. Delegates are kindly requested to bring their copies of documents to meetings.

V.01-87979 (E)
Distr.: 31 October 2001

I. OVERVIEW

1. The financial situation as at 30 September 2001 can be summarized in the following major points:

(a) The overall implementation rate of 78 per cent of the regular budget reflects a similar level to that of the previous bienniums (annex I). The rate is expected to increase to 91 per cent by the end of the biennium;

(b) The operational budget recorded a surplus of $2.1 million, which includes savings of $0.4 million on the prior biennium's obligations. This was achieved through various cost-saving measures and other actions taken by the Director-General. The reserve level thus increased from $1.6 million on 1 January 2000 to $3.7 million on 30 September 2001. The level is expected to be approximately $2.5 to 2.7 million by the end of the biennium;

(c) The level of regular budget cash resources (including the Working Capital Fund and unutilized/unencumbered balances of appropriations) was $16.1 million. In comparison, the cash balance as at 30 September 2000 and 1999 was $19.4 million and $17.2 million, respectively. The current cash balance is lower, due partially to the fact that two major contributors had not fully paid their assessed contributions;

(d) The collection rate of 2001 assessed contributions was 62.2 per cent and was unfavourable compared to the 2000 and 1999 rates of 77.4 and 69.5 per cent, respectively. As mentioned in subparagraph (c) above, the lower rate for 2001 results from partial payments by two major contributors. Had these contributions been received, the collection rate would have been 87.9 per cent;

(e) The collection rate of prior years' arrears, as compared to the current year's assessments, was 16.5 per cent. The collection rates as at 30 September 2000 and 1999, as compared to the assessments of those years, were 11.4 and 10.3 per cent, respectively;

(f) Outstanding assessed contributions amounted to $117.8 million (including $61.7 million owed by the United States of America). The outstanding amounts as at 30 September 2000 and 1999 were $110.4 million and $114.5 million, respectively (revalued at the September 2001 rate of exchange);

(g) The Working Capital Fund is at the level of $6,610,000; however, an amount of $4,171 was outstanding as of 30 September 2001. Furthermore, a contribution amounting to $1,719 was outstanding from a new Member State;

(h) Since the issuance of document IDB.22/8, there has been no significant progress in the implementation of recommendations of the discussion group on timely payment of assessed contributions. Only one plan (Yemen) is under implementation. Currently, payment plans are under negotiation with the following countries: Brazil, Nicaragua and Ukraine (IDB.24/Dec.3). Under the incentive scheme, an amount of $488,197 (interest income in excess of budgetary estimates) will be due for distribution to eligible Member States on 1 January 2002;

(i) Unutilized/unencumbered balances of appropriations amounting to $793,748 relating to the bienniums 1992-1993 and 1996-1997 were available for distribution to Member States on 1 January 2001. Credits were given to eligible Member States when their obligations for the year 2001 were calculated;

(j) A provisional amount of $5,375,693 relating to the unutilized/unencumbered balances of appropriations for the bienniums 1992-1993, 1996-1997 and 1998-1999, as well as an amount of $315,491 from new Member States has been received. Unless decided otherwise by the Conference, these amounts and the interest due for distribution ($488,197, subparagraph (h) above)—a total amount $6,179,381—will be due for distribution to Member States on 1 January 2002;

(k) The implementation of the new financial system is progressing and major features are expected to be in place before the introduction of the euro.

2. A conference room paper will provide information on the current status of assessed contributions and voting rights, updated to 30 November 2001.

II. REGULAR AND OPERATIONAL BUDGETS

3. The status of the regular and operational budgets, as at 30 September 2001, was as follows:

(a) The status of the regular budget for the period 1 January 2000 to 30 September 2001 is presented in annex I (tables 1 and 2), by major programme and major object of expenditure. The overall implementation rate of 78 per cent of gross budgeted expenditures reflects a similar level to that of the preceding biennium. The rate of implementation is expected to increase to 91 per cent during the final quarter of the biennium due to accelerated implementation of programmes, particularly in respect of the Regular Programme for Technical Cooperation and the Industrial Development Decade for Africa (IDDA). Further payments and other budgetary expenditures relating to conference services and common services will be incurred before the end of the year in connection with the General Conference. The net increase in the post adjustment multiplier of 9.73 per cent for

Professional salaries in effect from 1 July 2001 can be absorbed this year from savings due to the higher-than-budgeted vacancy rate in the first year of the biennium. Additional cost reductions are envisaged under travel, general operating costs, supplies and materials, acquisition of furniture and equipment and other costs relating to joint and common services to maintain financial stability;

(b) To strengthen the level of the operational budget reserve, operational budget expenditures were contained through maintaining a higher-than-budgeted vacancy factor. As a result of this measure, the operational budget recorded a surplus of $2.1 million. The reserve level thus increased from $1.6 million on 1 January 2000 to $3.7 million as of 30 September 2001, as shown in table 1. However, the level for the end of the biennium is expected to be approximately $2.5 to 2.7 million, due to an expected increase in expenditure in the remaining period of the biennium.

Table 1. Operational budget reserve
(Millions of US dollars)

Operational budget reserve as at 1 January 2000	1.62
Savings on liquidation of prior biennium obligations	0.42
Income (1 January 2000 to 30 September 2001)	16.75
Subtotal	*18.79*
Expenditures (1 January 2000 to 30 September 2001)	(15.11)
Operational budget reserve as at 30 September 2001	3.68

III. ASSESSED CONTRIBUTIONS

Collections

4. A total of 58 Member States, including 8 least developed countries, have made full payments and 8 Member States have made partial payments of their 2001 assessed contributions. Collections in the year 2001, including applications of overpayments and other adjustments, broken down by List of States, are shown in table 2.

Outstanding contributions

5. Annex II to the present document provides detailed status of assessed contributions outstanding as at 30 September 2001, including the status of voting rights of each Member State, and the minimum payment required to gain voting rights. Table 3 provides information on outstanding contributions as at 30 September 2001, and on the same date in 2000 and 1999, revalued for comparison.

Table 2. Collections, January to September 2001
(Millions of US dollars)

List of States*	Current year	Prior years	Total
A	1.59	1.87	3.46
B	32.20	6.13	38.33
C	1.04	1.48	2.52
D	1.30	0.07	1.37
Others	--	--	--
Subtotal	*36.13*	*9.55*	*45.68*
USA	0.00	0.03	0.03
Total	**36.13**	**9.58**	**45.71**

* *As contained in document IDB.24/23*

Table 3. Outstanding contributions as at 30 September
(Millions of US dollars)

	2001	2000	1999
Current year	22.16	14.04	17.40
Prior years	33.97	34.60	35.02
Subtotal	56.13	48.64	52.42
USA	61.68	61.71	62.11
Total	**117.81**	**110.35**	**114.53**

6. The scale of assessments and outstanding contributions as at 30 September 2001, broken down by List of States, are shown in table 4.

Table 4. Scale of assessment and outstanding contributions as at 30 September 2001

List of States*	Scale of assessment (%)	(Millions of US dollars) Current year	Prior years	Total
A	7.85	3.01	7.28	10.29
B	82.80	15.81	0.01	15.82
C	6.38	2.67	12.20	14.87
D	2.95	0.42	14.04	14.46
Others	0.02	0.01	0.42	0.43
Subtotal	*100.00*	*21.92*	*33.95*	*55.87*
South Africa	0.41	0.24	--	0.24
Yugoslavia	0.02	--	0.02	0.02
USA	--	--	61.68	61.68
Total	**100.43**	**22.16**	**95.65**	**117.81**

* *As contained in document IDB.24/23*

IV. VOTING RIGHTS

7. As indicated in annex II, the voting rights of 57 Member States were suspended as at 30 September 2001 in accordance with Article 5.2 of the Constitution and financial regulation 5.5(b). The number of Member States with no voting rights of the various governing bodies is shown in table 5. For comparison, the status as at 30 September 2000 and 1999 is also shown in the table. The improvement in the status of voting rights is notable.

Table 5. Suspension of voting rights as at 30 September

	Number of Member States with no voting rights		
	2001	2000	1999
General Conference	57	60	67
Industrial Development Board	1	5	5
Programme and Budget Committee	1	3	3

8. In order to restore their voting rights, these Member States must pay a minimum combined amount of $24,337,728 (annex II).

V. IMPLEMENTATION OF RECOMMENDATIONS OF THE GROUP ON TIMELY PAYMENTS

9. Detailed information was provided in document IDB.22/8 of 14 April 2000 on the implementation of the measures recommended by the open-ended discussion group on timely payment of assessed contributions. Of the 15 payment plans drawn up since that time, the sole plan in operation is with Yemen, which has since paid outstanding contributions up to 2000 (partial). Plans are currently under negotiation with Brazil, Nicaragua and Ukraine (IDB.24/Dec.3). Member States have been regularly informed and reminded of their obligations and the possibility to settle arrears through payment plans. Furthermore, informal consultations have been held on an individual basis with a number of Member States.

Arrears of the United States of America

10. The amounts owed to UNIDO by the United States are as follows:

Assessed contributions for 1994 to 1996	$61,678,302
Income taxes (under the Tax Reimbursement Agreement)	$ 849,107

11. The above assessed contribution amount includes an adjustment amounting to $35,826 resulting from the distribution of 1992-1993 unutilized/unencumbered balances of appropriations.

12. UNIDO has taken up the matter on a number of occasions with the Permanent Representative of the United States of America to the United Nations (Vienna) and has expressed serious concern that the outstanding amounts have not yet been settled. On 20 April 2001, UNIDO was informed by the Permanent Representative that the Government is unable to provide a specific time frame when these payments will be made, and that current legislation does not provide funding for payment of the obligations to UNIDO. Furthermore, they are also not in a position to predict when a more favourable circumstance will occur, and that the present uncertainty does not in any manner diminish the Government's commitment to meeting its financial obligations to UNIDO.

Incentives for early payment

13. Information on incentives for early payment was also reported in documents IDB.22/8 and IDB.24/8. Pursuant to decision GC.8/Dec.10, interest income in excess of budgetary estimates for 1999 and 2000 in the amount of $488,197 is available for distribution to eligible Member States (in accordance with the S curve—described in document IDB.21/4), or to utilize this amount for purposes specified by the eligible Member States. Since extensive administrative work is required to solicit from each eligible Member State the purpose of utilization of its share (i.e. whether the amount should be credited to assessed contributions, transferred to a project or integrated programmes, or utilized for any other purpose specified by the Member State), a simpler solution needs to be elaborated for the distribution of this amount. Unless decided otherwise by the Conference, the amount will be distributed to eligible Member States on 1 January 2002.

VI. UNUTILIZED/UNENCUMBERED BALANCES OF APPROPRIATIONS AND INCOME FROM NEW MEMBER STATES

Amount approved for the integrated programmes

14. As reported in documents IDB.22/8 and IDB.23/5, the total amount available for the integrated programmes from the 1992-1993 and 1996-1997 unutilized/unencumbered balances of appropriations amounted to $4,405,323. In accordance with resolution GC.8/Res.4, this amount was placed in a special account for a period of 18 months, and has been utilized for the implementation of the integrated programmes. Table 6 provides the status of the special account as at 30 June 2001 (i.e. after 18 months) and as at 30 September 2001.

Table 6. Unutilized/unencumbered balances of appropriations
(Millions of US dollars)

	As at 30 June 2001	As at 30 September 2001
Balance available for integrated programmes on 1 April 2000	4.405	4.405
Disbursements	(1.901)	(2.801)
Obligations	(2.563)	(1.660)
Programme support costs	(0.202)	(0.202)
Unspent/(overspent) balance	(0.261)	(0.258)

15. Financial regulation 4.2(b) requires that appropriations shall remain available for 12 months following the end of the fiscal period to which they relate, to the extent that they are required to discharge obligations in respect of goods supplied and services rendered during that fiscal period and to liquidate any other outstanding obligations of that fiscal period. In this case, the fiscal period ended on 30 June 2001; thus the funds under the special account shall remain available until 30 June 2002. Experience shows that some obligations may have to be revised or cancelled for a number of reasons during this period; thus the final status of this account will only be known on 30 June 2002, when it is expected that there will be no overspent balance.

Amount distributed to Member States on 1 January 2001

16. During 2000, a total amount of $793,748 was paid by Member States against the 1992-1993 and 1996-1997 outstanding assessed contributions. In accordance with financial regulations 4.2(b) and (c), that amount was due for distribution in January 2001 to those Member States that had fully paid their assessed contributions for the respective bienniums. Therefore, credits were given to eligible Member States in accordance with their scale of assessments for the respective biennium when the assessed contributions for the year 2001 were calculated.

Amount available for distribution to Member States on 1 January 2002

17. As at 30 September, the following provisional amounts of unutilized/unencumbered balances of appropriations relating to the bienniums 1992-1993, 1996-1997 and 1998-1999 are available for distribution to Member States on 1 January 2002:

	US$
1992-1993	71,508
1996-1997	1,169,906
1998-1999	4,134,279
Total	**5,375,693**

18. The large amount has resulted from significant payments (over $100,000) received from the following Member States against their outstanding contributions: Argentina, Guatemala, Indonesia, Iran (Islamic Republic of), Libyan Arab Jamahiriya, Portugal, Russian Federation, Saudi Arabia and Venezuela. Unless otherwise decided by the Conference, the above amounts will be due for distribution in January 2002, in accordance with financial regulations 4.2(b) and (c), to those Member States that have fully paid their assessed contributions for the above bienniums. Such credits will be calculated in accordance with the scale of assessments of the respective biennium.

Income from new Member States

19. During the current biennium, the Organization received a sum of $315,491 from new Members. In accordance with financial regulations 4.2 and 5.2(c), this amount is also required to be distributed to Member States on 1 January 2002.

VII. IMPLEMENTATION OF A NEW FINANCIAL SYSTEM

20. As reported in documents IDB.22/8 and IDB.24/8, the implementation of a new Financial Performance Control System (FPCS) for UNIDO was undertaken during 2000. As planned, the first stage of the new system was completed by the end of 2000 within the approved budget and the time frame foreseen at the start of the project. The necessary features required for moving to the euro on 1 January 2002 have been taken into account during the development and implementation of the system. The new system was used for the preparation of the programme and budget proposals for 2002-2003, as well as for the processing of all accounting and financial transactions since the beginning of 2001. Since some necessary features that were foreseen for the second development stage during 2001 were not yet in place, the decision was taken to run the old mainframe system in parallel until the end of 2001 to ensure that complete financial information is available for the preparation of the financial statements for the biennium and other required reports. Furthermore, the two systems are being reconciled for verifying the design of the new FPCS and also to assist in fine-tuning the system.

21. During the second stage of implementation, the remaining features—such as support cost calculation, required reporting facilities and other refinements based on experience gained during 2001—as with any major

undertaking, are being systematically addressed to ensure that the new system meets the requirements of all stakeholders. It is expected that the new FPCS will lead to greater efficiency in the management of programmes and projects, as well as the Organization's ability to better report on various activities.

VIII. ACTION REQUIRED OF THE CONFERENCE

22. The Conference may wish to consider adopting the following draft resolution:

"The General Conference:

"(a) Takes note of the information provided in document GC.9/10;

"(b) Urges those Member States and former Member States that have not yet paid their assessed contributions, including advances to the Working Capital Fund and prior years' arrears, to do so without delay;

"(c) Requests the Director-General to pursue his efforts and contacts with Member States to effect the collection of arrears."

Annex I

REGULAR BUDGET PERFORMANCE REPORT FOR 2000-2001

Table 1. Status of implementation by major programme, 1 January 2000 to 30 September 2001
(In thousands of US dollars at US$1 = AS 12.90)

Major Programme	Approved budget estimates (GC.8/16) (a)			Actual expenditure/income (b)			Implementation of gross approved budget (b/a)	Unutilized balance as at 30.9.01 (c)=(a-b)		
	1	2	3	4	5	6	7	8	9	10
	Gross	Income	Net (1-2)	Gross	Income	Net (4-5)	%	Gross	Income	Net (8-9)
A. Governing Bodies	5,678.8		5,678.8	3,632.9	-	3,632.9	64.0	2,045.9	-	2,045.9
B. General Management	10,927.6		10,927.6	10,178.0	-	10,178.0	93.0	749.6	-	749.6
C. Strengthening of Industrial Capacities	40,654.6		40,654.6	30,149.1	-	30,149.1	74.0	10,505.5	-	10,505.5
D. Cleaner and Sustainable Industrial Development	17,133.6		17,133.6	14,850.5	-	14,850.5	87.0	2,283.1	-	2,283.1
E. Regional Programme	26,966.1	1,015.2	25,950.9	22,541.1	588.2	21,952.9	84.0	4,425.0	427.0	3,998.0
F. Administration	25,392.0		25,392.0	22,507.3	-	22,507.3	89.0	2,884.7	-	2,884.7
G. Buildings Management	40,983.1	32,362.5	8,620.6	26,180.6	17,064.9	9,115.7	64.0	14,802.5	15,297.6	(495.1)
Total	**167,735.8**	**33,377.7**	**134,358.1**	**130,039.5**	**17,653.1**	**112,386.4**	**78.0**	**37,696.3**	**15,724.6**	**21,971.7**

Note: Excludes miscellaneous income. Actual income is based on disbursements only.

Table 2. Status of implementation by major object of expenditure, 1 January 2000 to 30 September 2001

(In thousands of US dollars at US$1 = ATS 12.90)

Major object of expenditure	Approved budget estimates (GC.8/16) (a)	Actual expenditure/income 1.1.00 to 30.9.01 (b)			Implementation (b/a)	Unutilized balance at 30.9.01 (c)=(a-b)
	1	2	3	4	5	6
		Total, excl. BMS	BMS	Total (2+3) 2)	%	
Gross expenditure						
100 Staff costs	97,337.3	75,440.0	8,741.3	84,181.3	86.0	13,156.0
200 Official travel	2,430.5	1,516.0	2.0	1,518.0	62.0	912.5
300 Contractual services	520.1	398.7	0.0	398.7	77.0	121.4
400 General operating expenses	28,909.1	5,026.6	14,784.5	19,811.1	69.0	9,098.0
500 Supplies and materials	785.9	353.9	102.1	456.0	58.0	329.9
600 Acquisition of furniture and equipment	623.1	88.4	44.3	132.7	21.0	490.4
700 EDP non-staff costs	4,150.7	3,917.2	0.0	3,917.2	94.0	233.5
800 Technical cooperation and IDDA	13,875.6	7,806.5	0.0	7,806.5	56.0	6,069.1
900 Other expenditures	19,103.5	9,311.6	2,506.4	11,818.0	62.0	7,285.5
Total gross expenditure	167,735.8	103,858.9	26,180.6	130,039.5	78.0	37,696.3
Income						
100 Staff costs	9,651.9	0.0	6,817.9	6,817.9	71.0	2,834.0
200 Official travel	7.1	0.0	0.4	0.4	6.0	6.7
300 Contractual services		0.0	0.0	0.0		0.0
400 General operating expenses	18,965.4	0.0	9,245.6	9,245.6	49.0	9,719.8
500 Supplies and materials	206.5	0.0	72.0	72.0	35.0	134.5
600 Acquisition of furniture and equipment	315.2	0.0	34.1	34.1	11.0	281.1
700 EDP non-staff costs		0.0	0.0	0.0		0.0
800 Technical cooperation		0.0	0.0	0.0		0.0
900 Other expenditures	4,231.6	588.2	894.9	1,483.1	35.0	2,748.5
Total income	33,377.7	588.2	17,064.9	17,653.1	53.0	15,724.6
Total net estimates	134,358.1	103,270.7	9,115.7	112,386.4	84.0	21,971.7

Note: Excludes miscellaneous income. Actual income is based on disbursements only.

Annex II
OUTSTANDING ASSESSED CONTRIBUTIONS
as at 30 September 2001 (in US dollars)

Country	Outstanding in total US$ at ROE US$ 1 = ATS 15.1363[1]	WCF	Total due[2]	Years	Voting rights[3]	Minimum payment to restore voting rights
AFGHANISTAN	68,448	0	68,448	1992(p) - 2001	No	57,497
ALBANIA	2,255	0	2,255	2001	Yes	
ALGERIA*	57,603	0	57,603	2001(p)	Yes	
ANGOLA	-	0	0	-	Yes	
ARGENTINA	2,293,849	0	2,293,849	1999(p) - 2001	Yes	
ARMENIA	811,682	0	811,682	1992(p) - 2001	No	757,170
AUSTRIA*	77,079	0	77,079	2001 (p)	Yes	
AZERBAIJAN*	1,178,222	0	1,178,222	1993(p) - 2001	No	1,058,955
BAHAMAS	-	0	0	-	Yes	
BAHRAIN	14,360	0	14,360	2001	Yes	
BANGLADESH	-	0	0	-	Yes	
BARBADOS	-	0	0	-	Yes	
BELARUS	614,758	0	614,758	1997(p) - 2001	No	265,178
BELGIUM	-	0	0	-	Yes	
BELIZE	-	0	0	-	Yes	
BENIN	14,716	0	14,716	1998(p) - 2001	No	4,933
BHUTAN	640	0	640	2000(p) - 2001	Yes	
BOLIVIA	-	0	0	-	Yes	
BOSNIA AND HERZEGOVINA	191,594	0	191,594	1992(p) - 2001	No	177,138
BOTSWANA	1,801	0	1,801	2001 (p)	Yes	
BRAZIL	11,141,986	0	11,141,986	1995(p)- 2001	No	7,163,950
BULGARIA	-	0	0	-	Yes	
BURKINA FASO	-	0	0	-	Yes	
BURUNDI	57,934	0	57,934	1993(p) - 2001	No	50,488
CAMBODIA*	11,001	0	11,001	1998(p) - 2001	No	3,556
CAMEROON	30,882	490	31,372	1998(p) - 2001	No	2,898
CAPE VERDE	84,599	0	84,599	1991(p) - 2001	No	74,816
CENTRAL AFRICAN REPUBLIC	98,105	0	98,105	1989(p) - 2001	No	90,659
CHAD	83,061	0	83,061	1991(p) - 2001	No	75,615
CHILE	99,808	0	99,808	2001	Yes	
CHINA	850,664	0	850,664	2001	Yes	
COLOMBIA*	89,400	0	89,400	2001	Yes	
COMOROS	118,745	0	118,745	1986(p) - 2001	No	111,299
CONGO, REP OF	96,476	0	96,476	1989(p) - 2001	No	85,525
COSTA RICA*	82,196	0	82,196	1993(p) - 2001	No	47,882
COTE D'IVOIRE	15,186	54	15,240	2000-2001	Yes	
CROATIA	24,650	0	24,650	2001	Yes	
CUBA	37,242	0	37,242	2000(p) - 2001	Yes	
CYPRUS	-	0	0	-	Yes	
CZECH REPUBLIC	-	0	0	-	Yes	
DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA	268,215	0	268,215	1995(p) - 2001	No	198,519
DEMOCRATIC REPUBLIC OF THE CONGO	103,045	0	103,045	1989(p) - 2001	No	85,086
DENMARK	-	0	0	-	Yes	
DJIBOUTI	82,151	0	82,151	1991(p) - 2001	No	74,705
DOMINICA	378	0	378	2001	Yes	
DOMINICAN REPUBLIC	275,657	1,230	276,887	1986 - 2001	No	244,910
ECUADOR*	53,895	0	53,895	1999(p) - 2001	Yes	
EGYPT	-	0	0	-	Yes	
EL SALVADOR	127,048	1,106	128,154	1988 - 2001	No	

Country	Outstanding in total US$ at ROE US$1 = ATS 15.1363[1]	WCF	Total due[2]	Years	Voting rights[3]	Minimum payment to restore voting rights
EQUATORIAL GUINEA	118,745	0	118,745	1986(p) - 2001	No	111,299
ERITREA	-	0	0	-	Yes	
ETHIOPIA	-	0	0	-	Yes	
FIJI	8,494	0	8,494	1999(p) - 2001	Yes	
FINLAND	-	0	0	-	Yes	
FRANCE	-	0	0	-	Yes	
GABON	12,753	0	12,753	2001	Yes	
GAMBIA	66,549	0	66,549	1992(p) - 2001	No	99,103
GEORGIA	1,415,989	0	1,415,989	1992 (p) - 2001	No	1,303,732
GERMANY	-	0	0	-	Yes	
GHANA	9,765	0	9,765	2000(p) - 2001	Yes	
GREECE	-	0	0	-	Yes	
GRENADA	77,740	0	77,740	1991(p) - 2001	No	70,294
GUATEMALA	48,528	0	48,528	1999(p) - 2001	Yes	
GUINEA	54,538	0	54,538	1994(p) - 2001	No	43,587
GUINEA-BISSAU	102,833	0	102,833	1988(p) - 2001	No	95,387
GUYANA	498	0	498	2001	Yes	
HAITI	-	0	0	-	Yes	
HONDURAS	-	0	0	-	Yes	
HUNGARY	-	0	0	-	Yes	
INDIA	-	0	0	-	Yes	
INDONESIA	153,912	0	153,912	2001	Yes	
IRAN (ISLAMIC REPUBLIC OF)	410,230	0	410,230	1999(p) - 2001	Yes	
IRAQ	1,319,941	0	1,319,941	1991 (p) - 2001	No	1,139,314
IRELAND	-	0	0	-	Yes	
ISRAEL	238,847	0	238,847	2001	Yes	
ITALY*	4,147,830	0	4,147,830	2001 (p)	Yes	
JAMAICA	4,693	0	4,693	2001	Yes	
JAPAN	10,827,648	0	10,827,648	2001 (p)	Yes	
JORDAN	-	0	0	-	Yes	
KAZAKHSTAN	489,674	0	489,674	1997(p) - 2001	No	237,008
KENYA	7,457	0	7,457	2000(p) - 2001	Yes	
KUWAIT	-	0	0	-	Yes	
KYRGYZSTAN	334,016	113	334,129	1993 - 2001	No	298,478
LAO PEOPLE'S DEMOCRATIC REPUBLIC	-	0	0	-	Yes	
LEBANON	28,869	0	28,869	1999(p) - 2001	Yes	
LESOTHO	2,397	0	2,397	2000(p) - 2001	Yes	
LIBERIA	93,382	0	93,382	1998(p) - 2001	No	83,599
LIBYAN ARAB JAMAHIRIYA	244,461	0	244,461	1998(p) - 2001	Yes	
LITHUANIA	543,429	0	543,429	1995(p) - 2001	No	448,586
LUXEMBOURG	-	0	0	-	Yes	
MADAGASCAR	-	0	0	-	Yes	
MALAWI	30,521	0	30,521	1996(p) - 2001	No	20,738
MALAYSIA	-	0	0	-	Yes	
MALDIVES	924	0	924	2000 (p) - 2001	Yes	
MALI	13,571	0	13,571	1998(p) - 2001	No	3,789
MALTA	-	0	0	-	Yes	
MAURITANIA	100,334	0	100,334	1988(p) - 2001	No	92,888
MAURITIUS	-	0	0	-	Yes	
MEXICO	-	0	0	-	Yes	
MONGOLIA	-	0	0	-	Yes	
MOROCCO	-	0	0	-	Yes	
MOZAMBIQUE	-	0	0	-	Yes	

Country	Outstanding in total US$ at ROE US$1 = SDR 0.736361[1]	WOP	Total due[2]	Years	Voting rights[3]	Minimum payment to restore voting rights
MYANMAR	7,660	0	7,660	2000(p) - 2001	Yes	
NAMIBIA	-	0	0	-	Yes	
NEPAL	-	0	0	-	Yes	
NETHERLANDS	-	0	0	-	Yes	
NEW ZEALAND	-	0	0	-	Yes	
NICARAGUA	118,732	0	118,732	1986(p) - 2001	No	111,286
NIGER	84,630	0	84,630	1991(p) - 2001	No	74,847
NIGERIA	96,258	0	96,258	1999(p) - 2001	Yes	
NORWAY	-	0	0	-	Yes	
OMAN	-	0	0	-	Yes	
PAKISTAN	50,178	0	50,178	2001 (p)	Yes	
PANAMA	15,440	0	15,440	2000(p) - 2001	Yes	
PAPUA NEW GUINEA	32,556	0	32,556	1997(p) - 2001	No	14,597
PARAGUAY	30,952	583	31,535	1998(p) - 2001	No	724
PERU	76,428	0	76,428	2001 (p)	Yes	
PHILIPPINES	57,897	0	57,897	2001	Yes	
POLAND	-	0	0	-	Yes	
PORTUGAL	386,677	0	386,677	2000(p) - 2001	Yes	
QATAR	71,532	0	71,532	1999(p) - 2001	Yes	
REPUBLIC OF KOREA	859,398	0	859,398	2001	Yes	
REPUBLIC OF MOLDOVA	774,795	0	774,795	1993(p) - 2001	No	688,128
ROMANIA*	46,838	0	46,838	2001	Yes	
RUSSIAN FEDERATION	34,410	0	34,410	2001 (p)	Yes	
RWANDA	48,454	0	48,454	1994(p) - 2001	No	41,008
SAINT KITTS AND NEVIS	30,043	0	30,043	1996(p) - 2001	No	22,597
SAINT LUCIA	-	0	0	-	Yes	
SAINT VINCENT AND THE GRENADINES	97,633	0	97,633	1989(p) - 2001	No	90,187
SAO TOME AND PRINCIPE	118,745	0	118,745	1986(p) - 2001	No	111,299
SAUDI ARABIA	-	0	0	-	Yes	
SENEGAL	-	0	0	-	Yes	
SEYCHELLES	37,319	0	37,319	1995(p) - 2001	No	27,536
SIERRA LEONE	81,893	0	81,893	1991(p) - 2001	No	74,446
SLOVAKIA	-	0	0	-	Yes	
SLOVENIA	165,606	0	165,606	1999(p) - 2001	Yes	
SOMALIA	118,732	0	118,732	1986 (p) - 2001	No	111,286
SPAIN	-	0	0	-	Yes	
SRI LANKA	-	0	0	-	Yes	
SUDAN	5,759	0	5,759	2001	Yes	
SURINAME	33,748	0	33,748	1996(p) - 2001	No	20,460
SWAZILAND	-	0	0	-	Yes	
SWEDEN	-	0	0	-	Yes	
SWITZERLAND	-	0	0	-	Yes	
SYRIAN ARAB REPUBLIC	-	0	0	-	Yes	
TAJIKISTAN	246,277	0	246,277	1993(p) - 2001	No	220,418
THAILAND	-	0	0	-	Yes	
THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA	6,919	0	6,919	2000(p) - 2001	Yes	
TOGO	63,372	0	63,372	1993(p) - 2001	No	55,926
TONGA	515	0	515	2001	Yes	
TRINIDAD AND TOBAGO	37,374	0	37,374	1999(p) - 2001	Yes	
TUNISIA	-	0	0	-	Yes	
TURKEY	376,258	0	376,258	2001	Yes	
TURKMENISTAN	180,306	595	180,901	1995 - 2001	No	145,250

Country	Outstanding in total US$ at ROE US$ 1 = ATS 15.1363[1]	WCF	Total due[2]	Years	Voting rights[3]	Minimum payment to restore voting rights
UGANDA	43,154	0	43,154	1995(p) - 2001	No	29,866
UKRAINE	8,652,927	0	8,652,927	1994(p) - 2001	No	7,356,551
UNITED ARAB EMIRATES	151,580	0	151,580	2001	Yes	
UNITED KINGDOM	-	0	0	-	Yes	
UNITED REPUBLIC OF TANZANIA	69,657	0	69,657	1992(p) - 2001	No	58,706
URUGUAY	90,526	0	90,526	1999(p) - 2001	Yes	
UZBEKISTAN	402,210	0	402,210	1997(p) - 2001	No	245,840
VANUATU	68,599	0	68,599	1992(p) - 2001	No	61,153
VENEZUELA	-	0	0	-	Yes	
VIET NAM	-	0	0	-	Yes	
YEMEN	11,688	0	11,688	2000(p) - 2001	Yes	
YUGOSLAVIA	1,857,259	0	1,857,259	1990(p) - 2001	*	
ZAMBIA	45,971	0	45,971	1994(p) - 2001	No	36,188
ZIMBABWE	7,823	0	7,823	2000(p) - 2001	Yes	
Subtotal:	**55,862,717**	**4,171**	**55,866,888**			**24,337,728**
New Member State:						
SOUTH AFRICA	242,357	-	242,357	2000 (p) - 2001	Yes	
YUGOSLAVIA	26,867	1,719	28,586	2000 - 2001	Yes	
Non-Member:						
UNITED STATES OF AMERICA[5]	61,678,302	0	61,678,302	1994(p)-1996		
TOTAL	**117,810,243**	**5,890**	**117,816,133**			**24,337,728**

Summary of outstanding contributions by year	Dollars	Schillings	Total dollar equivalent
1986 / 87	92,501		92,501
1988 / 89	171,673		171,673
1990 / 91	1,162,007		1,162,007
1992 / 93	2,091,924		2,091,924
1994 / 95	44,179,707		44,179,707
1996 / 97	36,138,524		36,138,524
1998 / 99	8, 41,415		8,541,415
2000	671,283	39,328,597	3,269,580
2001	4,550,277	266,590,132	22,162,912
TOTAL:	**97,599,311**	**305,918,729**	**117,810,243**

Notes:
(p)Partial payment.
[1]Rate of exchange (RoE). According to financial rule 110.7, all UNIDO transactions in currencies other than United States dollars shall be recorded at the official rate of exchange established by the United Nations between the dollar and the other currencies.
[2]In accordance with IDB.24/Dec.8, all outstanding contributions will be converted to euros by applying the fixed rate of ATS 13.7603 = € 1 and US$ at the United Nations rate of exchange as at 31 December 2001.
[3]Voting rights of 57 Member States have been suspended in accordance with Article 5.2 of the Constitution of UNIDO.
[4]Outstanding contribution to be resolved.
[5]Member State of UNIDO until 31 December 1996.
*Since 1 October 2001, the following Member States have paid:
Algeria, 2001 (full)
Austria, 2001 (partial). As of 19 October, only $619 remains outstanding, which is expected shortly.
Azerbaijan, 1993 (p)
Cambodia, 2001 (full)
Colombia, 2001 (p)
Costa Rica, 1994 (p)
Ecuador, 2000 (p)
Italy, 2001 (full)
Romania, 2001 (full)